

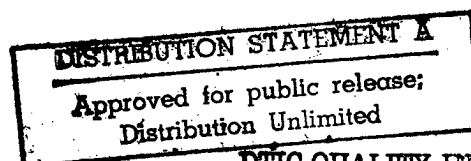


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# ***JPRS Report***

## **East Europe**

19980113 303



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# East Europe

JPRS-EER-92-113

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21 August 1992

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**Leader of Bulgarian Democratic Center  
Interviewed**

92BA1139A Sofia TRUD in Bulgarian 2 Jun 92 pp 1, 7

[Interview with Petko Simeonov, chairman of the Bulgarian Democratic Center, by Vladimir Petkov; place and date not given: "The Trend Toward the Blue Is Natural After Being Surrounded by Red for a Long Time"]

[Text] I am on the fourth floor of the chairman's offices, on Friday, 29 May, at 1200. Pieces of wallpaper from the walls of the corridors cover the floor, and painters are preparing to redecorate the building.

[Petkov] Mr. Simeonov, immediately after your recent election as chairman of the Bulgarian Democratic Center (BDTs), you declared, and with conviction, that you will soon lead the country. How am I to understand this? When do you expect the upsurge of the BDTs?

[Simeonov] First, I am convinced that the Bulgarians are centrists in mentality. As opposed to our neighbors, as well as more distant peoples, the Bulgarian is a man with moderate views and, generally speaking, a peaceful political temperament. In our country, the political excesses have been, primarily, a result of provocation from outside. In our country, there are very few spontaneously engendered extremes in our history. Often I love to say that the Bulgarian pendulum has a small amplitude. It rarely goes to extremes.

In this sense, I think the political center is that which controls Bulgaria because it more suits the temperament and views of the Bulgarian. I am convinced that, to the extent the BDTs succeeds in protecting this centrist orientation, it will succeed in some future democratic free elections.

[Petkov] But in what foreseeable period are we to expect this?

[Simeonov] Before the end of the year, I think, because a democratic alternative for the development of the country, which will be supported by a fairly significant political force, will appear. And this will mean that Bulgaria has entered the preelection period.

[Petkov] When, in the recent elections, you showed up with an independent ticket outside of the SDS [Union of Democratic Forces], were you counting on something? At that time I made a bet with a colleague that you would not pass the 4-percent margin, and naturally I won it.

[Simeonov] At that time, a dilemma was being decided: Will the Communists win or will they not win? The question was there even during the preceding elections. But, in the coming elections, the question will not be communism or democracy; it will be which version of democracy. This already greatly changes the political situation in the country. And it is not only our conclusion. Even Medi Dogan notes this in his interview in your newspaper.

[Petkov] Yes, but he does not see the need for elections very soon.

[Simeonov] The period may be short because we are living in a historically compressed time. And, if we work as the

people, I think we will be ready by the end of the year. However, times should not be set mandatorily here. For example, if the government began to work well, if it began to fulfill its preelection promises, and if the parliament quiets down and the two main political forces find the opportunity for a dialogue between themselves—that is, if the parliament stops acting like a convention—possibly even the coming elections will blow over.

Some other people of the center believe that it is not necessary to hurry to have elections quite so soon. On the contrary, the government has to be supported as long as possible, in order for the SDS to collapse, so that my prognosis for elections by the end of the year or in the beginning of the following year is just one of the versions.

But the majority of the formations that arose did not pass the 4-percent barrier in the preceeding elections. However, if a unification had been achieved, I think they would have had many more than the mechanical sum of the votes obtained. I am convinced of that.

[Petkov] Why did you not succeed in reaching an agreement with Dr. Dertliev last August?

[Simeonov] We simply did not have enough time. Each of these political parties and organizations has internal organizational rules that specify the times when their decision-making forums meet. And all of this is put in the most unfavorable possible version. In addition, the initial position from which some of the parties started out was very negative toward a broad association.

There were political workers who loudly proclaimed that no coalition is necessary. At that time, I said that it is madness to think they can win elections in this way because success in elections requires personnel and financial resources, a political structure, and influence in the media. Simply speaking, a political force may successfully contend in the elections if it is a center of power. Significant groups will give it a vote of confidence for making decisions on problems that are significant to them. This political force, which has attracted to itself capable and competent people, may become a center of power after it has a structure and influence in the media. I put them in this order on purpose, and I can explain why.

[Petkov] What do you expect from the congress of Mr. Dertliev's BSDP [Bulgarian Social Democratic Party] in June? And is it true that you will unite with the Social Democrats?

[Simeonov] For me the BSDP is an inseparable part of the BDTs, irrespective of precisely how the membership of the Social Democrats in the center is formed. Personally, I would like all formalities to be cleared up and to work together with the BSDP.

[Petkov] Together with them or jointly with them?

[Simeonov] In the BDTs, there are two wings, which are based on two ideological platforms: liberal-centrist and social democratic. To have a strong liberal center, of which I am a supporter, it is necessary to have a strong social democracy in Bulgaria. That is why we are interested that it

be so. I think the BSDP also thinks this. To have a strong social democracy, it is necessary to have a strong liberal course in Bulgarian political life. Filled with this understanding, we will find a way to work together. Precisely how this will be formulated is already a separate question. It will not be forgotten that we had similar actions from the VNS [Grand National Assembly].

[Petkov] Am I to understand that you describe yourselves as opponents of both the SDS and the BSP [Bulgarian Socialist Party]?

[Simeonov] It is precisely so. We are involved in a political competition with both the communists and the dark blues, as we present a democratic alternative for the development of the country. But we are not their enemies, not of the former, nor of the latter. We do not think we are in a war with them. And we are ready for political contacts concerning all problems that affect national interests, security, foreign policy, and the nationality question. It is necessary to have complete agreement between the political forces concerning these problems. But that cannot be achieved in the pages of the press; it has to be achieved in firsthand, direct discussions. Therefore we consider that this bellicose style, which often is used by the Bulgarian confrontational political press, and the language in the parliament, which the two opposing forces use, is not the language of democracy. However, as they say, war is war.

[Petkov] But don't you think the outcome of the last elections showed that the greater part of the electorate decided to rely on the SDS (which some call a movement) because it expected more decisive actions for sharp change from it?

[Simeonov] There are many reasons that the majority of the electorate chose the SDS-Movement. I only want to remind you that last October the SDS received fewer votes than it did in June 1990. Some of the people truly preferred the promise for radical change. But a significant part of them remained prisoners of the symbols. There is an optical illusion—it is well known in photography—that, if you look for a long time through a red glass, you will see everything in blue after you put it down, and vice-versa. The blue and the red colors are opposite each other simply on a biological level. Therefore, there is a natural affinity for the blue when you have been surrounded by the red for a long time.

[Petkov] I think that sooner or later the agricultural union will be united....

[Simeonov] Let's hope so....

[Petkov] What will its role be then in some future elections?

[Simeonov] I sincerely desire unification of the BZNS [Bulgarian National Agrarian Union]. This is a traditional political force for Bulgaria that represents the interests of significant groups. And it could peacefully compete with the SDS and the BSP, and, I hope, even with the BDTs. Potentially, these are equivalent political forces. There is something like 8 percent of the people under age 30 who would have voted for the BSP, and this is their natural electorate. After 20 years, that is what they will have in elections. But the SDS has turned from an organization for

democrats into an organization of restitutes. The people affected by the restitution and by the so-called measures of popular power were, at the end of the 1960's, between 2 and 3 percent of the population, directly affected or in the line of inheritance.

[Petkov] This is an unreal statistic. Just in my family there are nearly a hundred of us cousins and nephews by direct or related line who are directly affected.

[Simeonov] For your family it is good that you assume that you are 100 percent affected. Let us assume that those affected by the former government are 10 percent.

[Petkov] Do you want to say that in the future only they will support the SDS?

[Simeonov] Yes, that is the natural social base of the SDS because the SDS is gradually freeing itself of the myth that it is a personification of democracy in Bulgaria. At the moment, the BZNS-NP [Bulgarian National Agrarian Union-Nikola Petkov] of Mrs. Mozer to no lesser degree may pretend that it personifies democracy in our country. The BZNS-e [Bulgarian National Agrarian Union-United] also has the same pretensions, and rightly so. And the parties and the organizations that are included in the BDTs and that were at the basis of the formation of the SDS—do they really have less grounds for personifying democracy? This myth will gradually leave the SDS, and this union will remain representative of only one social group. They are conducting their policies up to now in this way, and this orientation of theirs means restitution and returning Bulgaria to the place where it was in 1939. The remaining BZNS parties, as we find from the election results, can count on 10-15 percent quite easily. I think that, under peaceful conditions, the BDTs also hopes for no less, so that we are faced with at least three equivalent groups as nuclei in our political life. And, if we have normal political development, more are likely to appear! Of course, these are hypotheses.

[Petkov] And the role of the DPS [Movement for Rights and Freedoms]?

[Simeonov] From now on, it will lose the electorate because you cannot be simply an ethnic party in the conditions of democracy. When the rights and the freedoms of the citizens are protected, how will you be an ethnic party? To be a party, you have to defend definite interests. But the Muslims, primarily the Turks in our country, are not a uniform mass. There are poor, there are rich, there are hired laborers, there are owners, some are in agriculture, others are in the mines and industry and in trade. These are people with different educations, and they will form different groups for the same reason, as among the rest of the population in Bulgaria. And I am overfilled with hope that the electorate of the DPS, in a quite natural way, will vote for the national Bulgarian parties eventually.

[Petkov] Am I to understand that, in some subsequent elections, irrespective of when they will be, Bulgaria will be a normal country?

[Simeonov] No. Before the elections of last 13 October, when it was said that this was an immediate change in the system, we said that this cannot happen. A long, drawn-out

road awaits us. Many people did not like this. And we cannot expect that we will become a normal country, that we will begin to resemble the rest of the European countries after just a few years. This will not happen. In Bulgaria, 95 percent of the property is still government property. The process of privatization is tortuous and slow. It cannot be fast. Moreover, it is not that easy to change the system. A long road awaits us.

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At its first briefing yesterday, the new leadership of the BDTs announced that, in the coming days, the BDTs will come out with a special document concerning its intentions up to the end of the year.

It supports the trade unions because they defend the vital interests of the people.

In an organizational respect, the BDTs will build regional structures and two-way vertical connections and will develop its headquarters. It will publish a weekly periodical, which may become a daily periodical in time.

The leadership is still not completed. There may even be new leadership posts for representatives of some of the parties, including for the BSDP, if, after its congress, they sign the political agreement.

**Inventors Union Official Discusses Patent Law**  
*92BA1122A Sofia IKONOMICHESKI ZHIVOT*  
*in Bulgarian 3 Jun 92 p 4*

[Article by Eng. Bozhko Kolev, patent specialist and secretary of the Union of Inventors: "Advanced Legislation: Legal Settlement of Patent Affairs"]

[Text] For a number of years, new legal standards regulating invention activities in the country were developed and discussed, but, as it were, not applied. For years on end, foreign petitioners avoided us, unwilling to risk patenting their inventions in our country. The reasons were known to all: an obsolete Bulgarian legal system that granted the state the right of ownership of inventions, the regulation of relations with Western countries through a system of permits, and somewhat incompetent authorities, allowing patent protection in our country, but with some restrictions. We are now left with the remembrance of the difficulties of going from idea to implementation, memories of the pressure as to which director and on what level must be included as coauthor, the memories of incalculable results and one-time payments, and many, many other bitter memories.

With the collapse of the planned economic system, the problems of formulating new legislation in the area of industrial property came to the surface. There were enthusiastic experts in patent matters who, within a short period of time and under the competent leadership of the Rationalization Institute, drafted a patent law consistent with current laws used in Germany, France, England, Italy, and so on, on the one hand, and a plan standardizing legal legislation as developed by the World Intellectual Property Organization, on the other. We can now relax because their efforts were not wasted, as confirmed by the assessment of the Council of Ministers when the project was submitted to

the National Assembly. However, this is not all. It is a question of the qualitative aspect of this project. Together with the civilized countries, we would like patents to become the only and basic protective document of an invention or a useful model that would grant its owner or his legal heirs the right of utilization under the conditions and limits of our country, as well as abroad. The duration of this right was set at 20 years.

A patent certifies the existence of a patentable invention, its priority, its authorship, and the patent owner's exclusive right over it. However, the effect of a patent may be terminated prior to the length of time for which it was issued under certain circumstances: the loss of rights by the patent owner; nonpayment of fees to maintain the patent; the proclaiming that a patent is invalid if the invention cannot be patented; a failure to describe quite clearly and completely the nature of a patent; the absence of the right to patent something; or if the object of the patent exceeds the limits of the petition under which it was filed. However, we should not ignore the fact that the draft also stipulates procedural actions that must be taken in each specific case.

The draft patent law also stipulates cases in which no patents are issued, such as: inventions, the publication or utilization of which would disrupt public order and violate good mores; substances obtained through internal nuclear transformation, developed for military use; varieties of plants and breeds; and animals, as well as the basic biological methods leading to their creation. The draft law on patents stipulates the inclusion of a new figure: the local representative of industrial property. The procedure for allowing such representatives and the stipulations they must meet will be regulated with the ruling issued by the patent department.

This draft law is an effort to change our past practices concerning the department authorized to resolve problems related to industrial property. For the first time, it is suggested that the patent department of the Republic of Bulgaria be a national state authority that would provide legal protection of industrial property projects and have its chairman appointed by the prime minister.

As we mentioned, the draft law on patents has been discussed repeatedly, which has led to the present version, which meets most of the requirements of inventors and is consistent with the mechanisms that operate under the circumstances of a market economy. However, these discussions triggered a reaction among a substantial number of inventors because of some stipulations included in the draft.

First among them is their disagreement with the text of Article 15 on official inventions, in which the rights of the inventor and single patent owner belong to the owner-employer unless otherwise stipulated in a contract. Considering the present state of the economy and the slow course of privatization, inventors feel inadequately protected as creators from the legal and economic standpoints. They ask that Article 15 include a stipulation guaranteeing them a minimum of ownership over the patent and, hence, over the economic results of the utilization of the inventions. In their view, the funds described as "adequate reward" will prove

to be insufficient. What they suggest is that official inventions be considered those that are the result of resolved problems assigned by the employer on the basis of a contract. For all other inventions achieved as a result of their functional efforts as employees or workers in companies, they should be considered as patent owners, with a stipulated share participation by the employer that would depend on the working conditions, the accessible data base and information, the financial funds provided by the employer, and other things.

Inventors are equally upset and in disagreement concerning the transformation of 15-year authorship certificates into patents prior to the enactment of this law. If an authorship certificate has been issued as an official invention (according to some of them, rarely has any other type of certificate been issued), the request for transformation should be filed by the following: the user of the invention; the organization within which the invention was created, if that organization is not its user; and the author of the invention. The disagreement is motivated by the fact that many of the users have been restructured into other organizations with other objects of activities. A small percentage of the organizations within which these inventions were developed have remained as they were but have no guarantee that they will remain so in the future. Under such circumstances, priority should be given exclusively to the inventor, thus protecting a number of valuable inventions. Otherwise, such inventions may fall into the hands of speculators who have had nothing to do with the invention. Unless this sequence is changed by the legislature, the inventors will lose the right of ownership in accordance with other laws recently passed in our country.

The next questions asked by our inventors are: Will the term of four months, stipulated in Article 25, Paragraph 1, suffice to protect Bulgarian citizens and legal entities who would like to patent their inventions abroad? Will they be able to benefit from their right to conventional priority? Who will act as their right hand when they leave the country and come face to face with experienced petitioners in the country in which they have chosen to patent their invention? These and many other questions trouble our inventors during this period of drafting and discussing the new legal system.

The Union of Inventors has invested and is investing a great deal of effort to ensure that the problems that excite the inventors be properly formulated and included in the future law on patents. This was the topic of a meeting with the economic commission of the National Assembly. The experts and deputies who were present expressed their concern related to meeting the wishes of the inventors and employers and looked for the proper inclusion of the new views and suggestions within the text of the law, so that the latter may be as similar as possible to that of the European countries and consistent with international agreements to which Bulgaria is a party.

**[Box, p 3]**

The new legal settlement on regulating relations in the area of industrial property in our country and, in particular, on inventions and useful models, though moving slowly, is gathering speed. No other way is possible, considering the basic economic changes that are taking place in the country, which are preparing us for conversion to a market economy and for restoring the right of ownership over all human activities and the products thereof.

**Referendum on Dissolution Not in Sight**  
*92CH0752A Prague RESPEKT in Slovak*  
*No 25, 22-28 Jun 92 p 2*

[Article by Peter Schutz: "Independence With Civic Democratic Party (ODS) Blessing; No Referendum in Sight"]

[Text] In the wee hours of Saturday morning Vladimir Meciar and Vaclav Klaus signed two documents bringing into motion a gradual, yet in comparison with the earlier "paper-lover" tempo accelerated dissolution of the Czech and Slovak Federal Republic into two independent states. The words uttered by V. Klaus on the day before, that interpreting the new situation as a breakup of the state is premature, have to be taken with the same reserve as he pronounced them. This is fully borne out by the content and language of the texts approved by the partners.

**There Is No Other Way**

Both the "political agreement" and the part called "draft principles for the Federal Government's program message" theoretically leave (actually unable not to leave) a door open for two variants of resolving the power-sharing dispute. At the same time however they record the most salient fact, which is that a point where the two negotiating parties' ideas on the future CSFR arrangement may meet does not exist. Or perhaps does, but is already beyond the space defined by the term common state. It means that precisely according to expectation the participating parties concluded the only agreement that was possible between them—on a quick and civilized separation while maintaining joint executive bodies in an "operational condition" until the day of divorce.

The single direction of the ODS-HZDS [Civic Democratic Party-Movement for a Democratic Slovakia] agreement is demonstrable on several direct references in the documents; for instance a proposal to incorporate Federal Assembly deputies into the republican legislatures in the event of the federation's demise, or the utterly superfluous language on good cooperation after separation. Another definite indication is the intent to radically reduce the bodies of the federal state administration and to propose the transfer of additional powers to the republics. But this section of the program is largely at odds with the passage saying that the delicate situation of the federal government due to its temporary character does not enable it to undertake steps leading to basic changes in the present state of affairs. On the contrary. The agreement does not contain a single reference to eventual steps to restore the functions of federal institutions should the common state remain preserved after all. It is clear that neither party reckons with this possibility as being realistic.

The ODS writing hand is discernible in the provision on initiating a process which will result by 30 September 1992 in an accord between the national councils on resolving the issue of the state powers arrangement. The evident effort to cut short as much as possible the unproductive and wasted

time of uncertainty and groping became a negotiating priority for ODS from the very moment when it became clear that it is impossible to agree with the partner on a federal arrangement.

**Odd Coalition**

After the first meeting with Meciar, Vaclav Klaus called the HZDS power-sharing program "a precise and consistent scenario for Slovakia's secession." He was right. This country's constitutional setup lacks mechanisms for anticipating and resolving crises provoked by one-sided acts of a republic; for this very reason no fault can be laid to ODS. More could not be done to rescue the federation. Meciar offered Klaus the choice between two alternatives—either Klaus will accept his concept of liquidating the state and will cooperate, or we will be faced with a grave parliamentary and governmental crisis with no end in sight, with all consequences for an economy in transformation flowing from it. In such event paralysis of the Federal Assembly would ultimately force the Czech Republic to leave the union.

There can be no doubt but that the Czech left will accuse Klaus of breaking up the state or at least of accelerating the process. This of course is nonsense; at the first two meetings the ODS offer approached the very limit of what can still be called a common state. Two entities as subjects of international law, the basic demand of HZDS, are a bit too much for a single state.

The fact remains that cooperating on the dismantling of the federation will be a curious coalition of Slovak national socialists and Czech conservative right. The very likely installation of the moderate Rudolf Filkus in the post of chairman of the Federal Government or a deputy prime minister will undoubtedly ease up mutual communication during the liquidation work. Yet it may be anticipated that handling the daily agenda will not be without conflicts and collisions will occur especially in matters of an economic nature.

**Referendum Is Not Obligatory**

It is an illusion to hope that Meciar will come to his senses and stop the speeding train. In spite of it Vaclav Klaus asserts that it is still possible to preserve the common state. If he means it seriously, he can be thinking only of a referendum. No other method comes into consideration. But this word is remarkably absent from both documents—the political agreement and the program message draft—and that it does not appear even once makes it hard to believe that no intent was involved.

Responding to a direct question from a journalist Klaus himself said that as a method the referendum is neither obligatorily preordained nor ruled out. Answering the same question Meciar questioned the referendum law as such and emphasized the powers of the national councils as the only legally competent bodies.

Hidden in the background of such reserved approaches to the most legitimate way of dividing up the state is the altogether correct judgment that the legislative bodies will

be unable to agree, whether on the way it is carried out, timing or formulation of the question, or on whether it should be held only in Slovakia or in both republics.

It appears that Klaus's faith in preserving the federation is merely dutiful rhetoric seeking to moderate emotional reactions to the beginning of the breakup. Klaus knows very well that an eventual referendum vote in favor of the common state would resolve nothing and save CSFR so to speak only in the first round. Because on the next day following announcement of the results ODS and the entire Czech representation would face a task virtually identical to that they faced today: agreeing with Meciar on the content of this common state. It would open a new round of endless squabbling over powers.

Somewhat more sensible would be holding the referendum immediately, still before the sovereignty declaration and adoption of a Slovak constitution as was originally proposed by ODS. But of course the idea would not pass. The reasons for HZDS unwillingness to hear the nation's opinion were explained in the Italian newspaper *LA REPUBBLICA* by one of the staunchest—Meciar's promising candidate to the post of Slovak culture minister, Dusan Slobodnik. Without mincing words he conceded that today there would not yet be a majority voting for independence, but after dismantling the federal media; given some time he is no longer afraid of a referendum.

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P. Schutz (born 1955), publicist, Slovak correspondent of the daily *PROSTOR*, permanent commentator for *RES-PEKT*. Lives in Kosice.

### Review of Standards for Social Security

92CH0829B Prague DOKUMENTACNI PREHLED  
in Czech 21 May 92 pp H17-19

[Unattributed article: "Social Development in the CSFR"]

[Text] Realization of the economic reform, connected with the transformation of the Czechoslovak economy to market economy conditions has its social consequences. Part of the prepared system of social security involves state social assistance, in addition to social insurance and state support, which will replace the formerly used term of social welfare.

### Minimum Subsistence Level

Article 30 of the List of Fundamental Human Rights and Freedoms states that everyone who is in material need has the right to receive assistance essential for securing his or her basic living conditions. The starting point is the law on the minimum subsistence level, which was approved by the Federal Assembly of the CSFR on 29 October 1991. The law on the minimum subsistence level stipulates the socially recognized minimum limits for citizen income, below which a status of material need arises. According to this law, minimum income necessary to feed and to provide for other needs of a citizen is considered to be the following monthly sum: 900 korunas [Kcs] if there is a child up to six years of age; Kcs1,000 for a child between six and 10 years of age; Kcs1,200 for children between 10 and 15 years of age;

Kcs1,300 for uncared-for children between 15 and 26 years of age; and Kcs1,200 for other citizens. Added to this are the figures for essential costs of maintaining a household, which amount to Kcs500-950 per month, depending on the size of the family. Currently, some 160,000 households, approximately 3 percent of all households, are below the subsistence level, as a result of low incomes.

### Pensioners

One of the most socially threatened groups of the population includes retirees. In 1991, retirement benefits were valorized in March by 8 to 11 percent on a differentiated scale, according to the year of retirement. A second increase in retirement benefits occurred in July and involved a flat-rate payment of Kcs110 for old-age pensioners; for other types of pensions, this payment was lower. As of May 1991, the state equalization contribution was increased from Kcs140 to Kcs220. The actual minimum level of a pension as the sole source of income, including the state equalization contribution increased overall in 1991 from Kcs1,340 per month in the case of individuals and Kcs2,280 for couples in January, to Kcs1,880 for individuals and Kcs3,060 for couples by the end of the year. At present, the average old-age pension amounts to approximately Kcs2,400 per month. On 3 March 1992, the Federal Assembly of the CSFR adopted a law on increasing pensions. The increase in pension benefits is differentiated in accordance with the year of retirement.

### Wages

The average wage in the CSFR amounted to Kcs3,770 in 1991, with the last quarter figure rising to Kcs4,522. As of February 1991, the CSFR Government resolution on minimum wages was in effect and involved approximately 450,000 workers. The minimum wage of Kcs2,000 or Kcs10.80 per hour was raised in January 1992, according to a new CSFR Government regulation to Kcs2,200 or Kcs12 per hour. According to the law on wages, remuneration for willingness to work, and average earnings, dated 10 December 1991, it is possible for collective contracts to contain agreements for an even higher level of the minimum wage. Originally, the minimum wage accounted for approximately 60 percent of the level of the gross average wage during the first quarter and gradually declined in the fourth quarter, according to estimates, to 46 percent of the gross average wage. For comparison purposes, in Poland, for example, the minimum wage accounts for only 35 percent of the level of average wages and in Hungary, for approximately 45 percent. On average for 1991, the guideline increase in wages amounted to 23 percent. However, the actual increase in nominal worker wages was lower, because a considerable number of organizations lacked sufficient resources to pay wages commensurate to the full extent of the guideline increase. Real wages for workers declined by virtually one-fifth in 1991. The average annual inflation rate for 1991 in the CSFR, measured on the basis of the development of consumer prices in comparison with their levels for 1990, amounted to 57.9 percent.



#### **Parental Contributions**

The increase in the cost of living perhaps impacts most upon families with minor children. During the current period, parental contributions in the CSFR are collected by approximately 320,000 women who are engaged in full-time child care involving children up to three years of age, or possibly up to seven years of age in the event a child has serious health problems. According to the amendment of the law on parental contributions, which the Federal Assembly of the CSFR approved on 4 March 1992, the parental contribution

is to be increased as follows as of 1 April 1992: In the event of all-day, full-time care of a child up to three years of age, or up to seven years of age, the contribution rises from the current Kcs900 to Kcs1,200 a month. The recipient of a parental contribution may, under certain conditions, be active in earning money. The maximum permissible income from this activity is increased according to the amended law from the existing Kcs800 per month to Kcs1,000 per month. However, the condition that the child is not placed in a creche or in a similar facility continues in effect.

**Slovene Paper Interviews Defense Minister Fur**  
92CH0818A Ljubljana DELO in Slovene 18 Jul 92 p 4

[Interview with Hungarian Defense Minister Lajos Fur by Alenka Auersberger in Budapest in July: "Geographic Facts Remain in Spite of the War"]

[Text] *Lajos Fur: Everything bad is a consequence of the Soviet "presence" in Hungary; the Soviets' departure is 100-percent profit for us; we would not want to join any bloc.*

Budapest, Jul—Two events have been imprinted in the memory of 62-year-old Lajos Fur, the Hungarian defense minister. "Last February," he recalls, "in a private room at the Budapest Continental Hotel, we signed a historic document by which the Warsaw Pact's military organization ceased to function. Marshal Yazov, the Soviet defense minister, sat across from me, with a bitter face and a distracted, empty glance. Today he is sitting pretty, but not across from me!" (Since the attempted military coup in Moscow he has been in prison.) And another unforgettable moment: "When I said on a TV news program last July, 'With my head raised, and proudly, I am announcing to the Hungarian people that today at 1500 Lieutenant General Shilov left our territory,' I did not say this in order to make an impression. I have heard several times now, on the street and in the media, 'Are things better for us now? Do we have more bread? Better wages? Low prices? Fewer people unemployed?' It is true, we do not have more bread. I think, however, that everything bad now is a consequence of the fact that the Soviets were here for so long."

We talked with Lajos Fur about that discrepancy inside a big discrepancy—in a large horseshoe-shaped building, probably built in Rakosi's times, with endlessly long corridors and the obligatory red carpets, and in contrast to this, with very beautiful inlaid round tables, as if Maria Theresa had set them up herself.

[Auersberger] History is a teacher, and three or four ministers, headed by the prime minister, are historians. Does this mean that the Hungarian government's political decisions do not have any mistakes?

[Fur] History is instructive, but it does not repeat itself. Science is one thing, and political decisions are another. History would teach us at most that certain mistakes would not be repeated any longer.

[Auersberger] While you were working at the museum, you wrote an article entitled "Agrarian Policy and Society in the 18th and 19th Centuries." To some extent you criticized Kadar's official policy in the article "Which Language Szekelyi Speaks," which was published in TISZTAJ. You participated in the birth of the opposition, and you were in Lokitelek. You helped to found the Hungarian Democratic Forum [MDF]. How would you characterize the difference between Lokitelek and the MDF, in which today there is a majority that wanted changes at that time?

[Fur] Lokitelek was a movement. The MDF acted with a program like any other party.

[Auersberger] Then why did so many people leave it after the elections?

[Fur] The largest number that the MDF had was about 35,000. Two thousand have left it. Those who left were primarily intellectuals. The party obviously has its own formal image, order, and discipline. In the beginning there were not such clear positions regarding this.

[Auersberger] Since the party has been the leading one in parliament, has it lost much of its original program?

[Fur] No. Within the framework of the coalition, it has adjusted to some extent to the Christian Democrats and the Smallholders' Party. We should not think, however, that the Hungarian government's program is the MDF's program.

[Auersberger] Are you optimistic about the 1994 elections?

[Fur] I am convinced that we will win the elections, with coalition partners, if not otherwise. If there really is any danger, then it is a danger that comes from the left because of increased poverty and unemployment—just as in Slovakia, and it could also happen in Slovenia and all other countries that are freeing themselves from communism.

[Auersberger] East and Central Europe expected that peoples would become closer to each other. It happened differently, however. There is a war in the Balkans, and likewise in the countries of the former Soviet Union. As Hungary's defense minister and a responsible politician, what sort of developments do you expect?

[Fur] I hope that the war will not spread. Unfortunately, no one can say with certainty that it will not. That is why I hope so, very much.

[Auersberger] Last spring you did not receive Veljko Kadijevic, the Yugoslav defense minister. Did you know what the result would be? What is the attitude of the Hungarian military leadership toward the former Yugoslav Army, which is now a Serbian one?

[Fur] At that time there were almost no contacts between the military leaderships. Once later on there was a meeting between the Hungarian and Serbian air force commanders, who agreed that they would observe a 10-kilometer-wide area on both sides of the border and that they would not fly across the agreed-upon zone.

[Auersberger] Did Hungary build up its forces on the border when the war started in Slovenia and later in Croatia?

[Fur] No. We only increased technical vigilance. In any case, we are reducing the size of the army, and we did not want to interrupt these efforts.

[Auersberger] How did Hungary respond to overflights by the Serbian army's aircraft?

[Fur] We officially protested, and monitored the area along the border more often. We could not have done anything else, because we could have caused unpredictable consequence in spreading the war, because we would not want to become involved in the Yugoslav conflict, and because more than 400,000 Hungarians live in Vojvodina, and several tens of thousands in Croatia; that is half a million. I would add that today when there is a new leadership, without Kadijevic or Adzic, these relations can be normalized. At a time of bloody battles no one wants this. Serbia,

or as we are already calling it, Yugoslavia, will remain our neighboring country, like Croatia and Slovenia, and we want to have the best possible contacts with it. This is not an empty phrase.

[Fur] We would like these relations to be exemplary. After all, we only lived with the Croats for 900 years, although they were probably not happy about it. We were not together with Slovenia in the same way, but in the same empire. If I am not mistaken, from 1556 or 1541.... You see, I have already moved away from my profession....

[Auersberger] Has Hungary gained any new alliance in exchange for the Warsaw Pact?

[Fur] No. We are not seeking any sort of military allies, and we would not want to join any bloc, but rather to have good relations.

[Auersberger] How sincere was the kiss with Lieutenant General Shilov last year, when the Soviet army left Hungary?

[Fur] I did not kiss him. I gave him roses. The Soviets' departure was a 100-percent profit for us. We lost a market—economically and politically—that is the bad side of the departure. And, of course, there is also the fact that the entire area to the east became uncertain.

[Auersberger] Have the bills already been settled for the damage that the Soviet Union left behind in Hungary?

[Fur] No. That is in progress.

[Auersberger] What will happen with the empty barracks and the other property that the Soviet army could not take with it? Are you negotiating on a settlement at the expense of the debt that the former Soviet Union has in your factories, for example at Ikarus?

[Fur] We would like precisely that. We are negotiating.

[Auersberger] You are from Vas, in Zelezna Zupanja. Slovenes also live there. For decades they were surrounded by barbed wire that separated them from Slovenia and Hungary. Will Porabje still remain an "oerszeg," a guard, as you say in Porabje?

[Fur] I hope that the "oerszeg" will cease to be an area from which the neighboring countries have to be constantly watched, and I hope that it will become a link between Slovenia and Hungary. I admire the inhabitants there, who kept their own language and customs for so long in spite of the difficulties. My wife, who is an ethnologist, is familiar with the works of Avgust Pavel, who did research in that area. My wife says that the Slovenes are the oldest people in Central Europe, and she has a great deal of respect for their culture.

[Auersberger] Hungary has a rather lukewarm attitude toward the railroad that would link Koper through Porabje with Budapest and the north.

[Fur] Certainly there are no political reasons for this, but there are possibly economic ones. At this time we are very interested in links to Russia through Ukraine, and these links are still completely unbuilt. Whenever there is not

much money, it is clearly necessary to think more about how the state will be linked with the world.

### **Update on Former Communist, Soviet Army Property**

*92CH0786B Budapest HETI VILAGGAZDASAG in Hungarian 4 Jul 92 pp 71-72*

[Article by Aniko Szanto: "Treasury Property Management Organization; It Is Moving, Nevertheless"]

[Text] Local governments, ministries, and a few foundations have already skimmed the cream of real property previously used by the former MSZMP [Hungarian Socialist Workers Party], the Workers Guard, and the Soviet troops stationed in Hungary. The difficult part of the job remains to be performed, while utilization of the property is made even more difficult by new, conflicting legal provisions.

A sign read "Reconquering" at the Hunyadvar Street entrance of the former Soviet barracks last Saturday on the occasion that civilians were allowed to enter the auditorium of the Soviet Southern Supreme Command at Matyasfold for the first time on the first anniversary of the withdrawal of Soviet troops. It is hoped that one need not attach any symbolic meaning to the fact that for now, only those people could become "conquerors" who had contributed at least 2,000 forints to the "charity ball organized for the establishment of a joint home for physically handicapped and mentally retarded children in the 16th District."

One thing is certain: Gabor Fekete, the FIDESZ [Federation of Young Democrats] mayor of Matyasfold, was able to justly view the events with satisfaction, not only because they took possession of the auditorium, but primarily because he had in his pocket a new agreement consummated with the Treasury Property Management Organization (KVSZ). After several months of tug-of-war they succeeded in reaching an agreement sanctioned the other day by visiting Interior Minister Peter Boross concerning the utilization of several buildings that comprise the Rakoczi Barracks at Matyasfold. As a result of the agreement, 86 apartments will be registered in the name of the "1956 Foundation," the Ministry of Culture and Public Education will be able to begin transferring the building slated to become the Foreign Trade Academy and to renew the college, and the district government will be able to enter into agreements with residents and workers of the district concerning a cooperative apartment building announced by the local government.

Thus far the government has twice announced the emoluments the various settlements would receive in the form of property yielded upon the withdrawal of Soviet troops—once in May, and once in July 1991, but the first "dose" of these facilities will be transferred by the KVSZ, the organization that manages these properties, only in the coming days. The delay was presumably due in part to the fact that in the middle of 1991, following the Soviet troop withdrawal, the government tried to handle jointly the "financial agreement" with the Soviets and the utilization of real property in Hungary, and in part because, due to the formerly secret character of these buildings, the government

had authorized the KVSZ, an organ funded by the budget but unsuited to perform such tasks, to handle the utilization aspects of these transactions, rather than commissioning a contractor to deal with the matter in a manner responsive to market demand.

The KVSZ had been established by the finance minister in December 1990, as the successor to the Sequestered State Property Management Institute (ZAVKI). ZAVKI, on the other hand, had been established in December 1989 for a one-year period when the Nemeth government disbanded the Workers Guard without a legal successor, for the purpose of making use of Workers Guard property. The "one-year" term proved to be an audaciously low estimate, to put it mildly: Only recently has the KVSZ, an organization that has since taken over about 6,500 pieces of Hungarian real property used by the Soviets, proposed to the government its recommended method of utilizing 61 of 68 Workers Guard pieces of real estate still managed by the KVSZ.

Accordingly, for some reason, the original purpose of the KVSZ had been the "sale" of property transferred to the government in the form of a temporary "windfall." This idea, however, had already been bleeding from several wounds at the outset. Generally speaking, one finds entrepreneurs, not government agencies, dealing with the sale of real estate everywhere in the world, and to top it off, Finance Minister Mihaly Kupa has prognosticated as early as in the spring of 1991 a change in profile—i.e., the continued survival—of the "temporary" office, when he ordered the KVSZ to assess the property owned by every organization funded by the central budget, i.e., all universities, academies, clinics, courts, and police organizations supervised by the ministries. This requirement suggested that the law concerning treasury property—at that time expected to be enacted soon—would entrust the KVSZ to manage this property.

Meanwhile the KVSZ had been assigned several other additional roles: It had become the property manager of buildings owned by social organizations, the organization in charge of utilizing the MHSZ [Hungarian Sport Federation for National Defense] property, an organization that had been terminated without a legal successor, moreover, it had also been put in charge of the industrial guard protecting the Bos-[Gabcikovo] Nagymaros Dam, and of providing office space for the various political party staffs. At the same time, the State Household Law [AHT] that takes effect on 3 July suggests that sooner or later the KVSZ becomes the master overseeing all treasury property. Although the AHT delegates the authority to define the term "treasury property" under other law, it states, "The finance minister shall exercise ownership rights over treasury property." Experts claim that from an institutional standpoint the KVSZ is the most appropriate organization to perform this function.

Based on this logic, privatization Minister Without Portfolio Tamas Szabo would be the "boss" only insofar as the state's so-called entrepreneurial property was concerned, while nonentrepreneurial treasury property not related to

profit-motivated organizations would come under the jurisdiction of Mihaly Kupa. Based on Parkinson's Law, this appears to stabilize the future of the originally temporarily established KVSZ.

Insofar as the future of the property is concerned, indications are that the government has thus far not developed any kind of concept for the coordinated utilization of structures released as a result of terminating the MSZMP and the Workers Guard and of withdrawing the Soviet troops. Although requests submitted by various ministries, local governments, and foundations have been reviewed by an interministerial committee, and based on this review, the committee has awarded real property, mostly free of charge, to one or another institution, many requesters have asked for more property than the amount of resources they had to refurbish and to operate the facilities in question in the near future. These requests were based on the old experience according to which financial support to operate these buildings would be given sooner or later from above, once the requesters owned the buildings. This was not the case in this instance, however: The government is not providing any type of assistance for the operation of these facilities. As a result of this, many requesters return the originally requested buildings to the KVSZ, or postpone the proposed utilization of such buildings after seeing the results of technical feasibility studies.

On the other hand, the KVSZ should be blamed directly for not assessing the technical condition of the buildings it managed; they justify this failure by blaming it on insufficient funds. Outsiders believe that the KVSZ itself has contributed to the delay in utilizing these facilities. "The KVSZ is inflexible, its employees were transferred mainly from the Ministry of the Interior and from the Defense Ministry, their primary consideration is security, and they are unfit to perform their functions," according to a mayor who did not want to be identified. This mayor supports his view by saying that the finance minister did indeed "check out" the KVSZ workers in December 1991, then appointed a ministerial commissioner to head the organization in May 1992, and in June dismissed the person who had served as the organization's business manager until then, the person who had been the top executive of the KVSZ at the time of its establishment.

At this moment the utilization of buildings and structures left behind after the withdrawal of Soviet troops presents the greatest concern. In the course of Hungarian-Soviet financial negotiations related to the Soviet troop withdrawal, the negotiating parties discerned three property categories. It had been alleged that of the 6,480 establishment released, 3,362 were bunkers that could not be used for civilian purposes, or were residential units or other buildings from Kiev, supposedly awaiting demolition because they did not meet Hungarian standards. They lack heat and sound insulation. Hungary does not have to pay for these structures, in contrast to 477 other establishments whose construction had presumably been financed by the Soviets. As it turned out, some of the buildings in the latter category—three in Matyasfold—had been financed by funds received from the Hungarian state budget, according to Mayor Gabor Fekete.

Finally, the third category includes 2,641 originally Hungarian-owned establishments, such as the Honved Hospital of Szekesfehervar, requisitioned by the Soviets in 1958.

The total value of the facilities included in the three categories was estimated at between 120 billion and 150 billion forints as of early 1991. The Hungarian and Soviet negotiating parties agreed that the value of these establishments amounted to 54.7 billion forints, and they arrived at this figure based on a complicated method of calculation, and not on the basis of what would be a rather small actual market value, yet the KVSZ intends to sell these facilities at that price [passage unclear]. Several failed tender invitations for the sale of barracks this year prove that the KVSZ is fostering illusions.

Due to the protraction of international negotiations, the government has publicized its requirements concerning the "utilization of real property vacated in the course of Soviet troop withdrawal" only on 14 May 1992. On the other hand, the long-awaited criteria are not likely to remain in force for

long, because some provisions conflict with the AHT taking effect on 3 July. The conflict can be seen in the fact that the government decree permits the KVSZ to utilize such property "without issuing a tender invitation" in two instances—"based on a government determination" or "if the tender invitation announced for the utilization of property has failed to produce results." At the same time, the AHT states that "unless an exception is made by law, property related to the subsystems of the state household can be sold only on the basis of open tender bidding. Free of charge transfer of property, or the surrender of claims by subsystems of the state household shall be established by law." This law could serve as an apropos for the government to provide an account of the movement of "treasury property," at last. When this happens, we may find out why pieces of property had generally been transferred to educational, health care, or justice administration institutions funded by the state budget, which are likely to be among the lead actors of state household reform.

The "Soviet" Inheritance of the KVSZ

	Buildings (each)	Value <sup>1</sup> (in billions of forints)	Structures (each)	Value <sup>1</sup> (in billions of forints)	Total Number of Buildings and Structures (each)	Total Value (in billions of forints)
Facilities transferred	4,377	39.70	2,013	15.00	6,480	54.70
Of which:						
Facilities that cannot be utilized	1,992	13.60	1,370	6.90	3,362	20.50
Usable facilities	2,385	26.10	733	8.10	3,118	34.20
(a) Of which:						
—Encumbered by Soviet claims	268	11.10	209	6.00	477	17.10
—Hungarian property	2,117	15.00	524	2.10	2,641	17.10
(b) Of which:						
—Transferred free of charge	595	13.08	285	2.00	880	15.08
—Awaiting utilization	1,790	13.02	448	6.10	2,238	19.12

<sup>1</sup>Value established in the course of Hungarian-Soviet negotiations.

Source: KVSZ

### Personnel Changes at Printing Presses Foreseen 92CH0786C Budapest HETI VILAGGAZDASAG in Hungarian 4 Jul 92 pp 73-75

[Article by Bela Weyer: "The Fate of Newspaper Printing Presses; High Pressure"]

[Text] Changes in the leadership of large state newspaper presses may be expected soon, according to information disseminated at regular intervals during the past weeks. Although persons potentially affected by these actions deny these reports, the facts that the chief trendsetter of the ruling party chose to target one of the largest printing presses, and that statements made on behalf of the printers' trade union attest to a determination to fight, say a lot.

The 133d John Celebration held over the weekend assumed an unexpected political overtone as a result of stubborn, consistent reports about anticipated leadership changes in the large printing presses—Athenaeum, Kossuth, Szikra, and Zrinyi. At the traditional function of the printer's trade union (the peaceful beer party had been omitted only twice in the course of their existence—in 1918 and in 1944) one could hear belligerent statements like: "Printers are prepared to defend the Hungarian press," and "The independence of the press also represents the independence of the trade union."

Responding to HETI VILAGGAZDASAG's questions, Andras Barsony, president of the Trade Union of Printing Industry Workers, summarized the reasons for this determination by saying that in his view the printing presses would

come under cross fire in the next round of the media war. Business performance data do not shed light on why exactly these four printing presses are involved: Some, like Szikra, prosper and are clearly profitable, while Zrinyi is operating at a loss after a lengthy, successful period. The fact that a decisive majority of Hungarian newspapers is being printed by these presses has much more to do with the alleged change, and with the fact that whoever has power to directly influence the presses also controls the newspapers: in milder cases by accurately observing printing contract provisions, or if things become more rough, by making drastic increases in printing costs.

This is not just an unfounded assumption: It will suffice to take a glance at the list of newspapers and weeklies printed in the largest presses, and at the respective circulation figures—see table—to find out that any politician inclined to identify himself (and his party) with the state must exercise a high degree of self-restraint not to become involved with the printing presses.

The following table lists better-known products of the press produced by the large printing presses and their circulation as recorded by the Postal Service for distribution purposes at the end of the first quarter of 1992.

(in thousands of copies <sup>1</sup> )	
<b>Athenaeum Press</b>	
MAGYAR NEMZET	66
MAGYAR NOK LAPJA	400
KEPES UJSAG	200
CSALADI LAP	152
EUROPA	50
HOCIPO	35
<b>Kossuth Press</b>	
REFORM	167
HETI VILAGGAZDASAG	108
AUTO-MOTOR	45
<b>Szikra Newspaper Publishers</b>	
NEPSZABADSAG	310
NEPSZAVA	147
NEMZETI SPORT	146
REGGELI KURIR	72
ESTI KURIR	19
MAI NAP	90
PESTI RIPORT	56
UJ MAGYARORSZAG	48
PESTI HIRLAP	25
NAPI	14 [as published <sup>2</sup> ]
VILAGGAZDASAG	11 [as published <sup>2</sup> ]
<b>Zrinyi Press</b>	
FULES	296
168 ORA	47

HETI MAGYARORSZAG	36
UJ LUDAS (prior to its termination)	29
LUDAS MATYI	28

<sup>1</sup> Circulation outside the Postal Service and house copies not included in the table.

<sup>2</sup> Publication should read NAPI VILAGGAZDASAG; correct circulation figure (14 or 11) uncertain.

Source: Press Circulation No. 92/5

After all, one is not a masochist if, after receiving legitimacy from the people, one tolerates to be cursed in 310,000 copies (of NEPSZABADSAG) or in 15,000 copies (of BESZELO), moreover, with the cooperation of the press that prints "his own" newspaper [UJ MAGYARORSZAG]. Nevertheless, this curse got sidetracked: As BESZELO's lead editorial reported, the previous week's issue was not published because Szikra Newspaper Printing Press was unable to print that issue on time. Although the editor in chief exercised self-criticism when he acknowledged that they were late in submitting the material, a delay of this kind has never before caused any problem. At this time, the incident happened to coincide with the special issue of MAGYAR FORUM published in 2.2 million copies, and the publication of BESZELO suffered as a result of liberal sloppiness.

Had these four Budapest printing plants manufactured say, paper clips or knitting pins, they obviously would have been far less in the center of attention, and a secure, easy way of exchanging the leaders would be available. Based on the law providing for the sale of property temporarily owned by the state, as adopted in the final days of parliament's summer session, these enterprises would have to be transformed into corporations one way or another; thus, nothing could be simpler than to "convene" a general meeting of these single-owner state-stock corporations some time in November, to fire the old boss and to replace him with a new one.

Although this opportunity also avails itself in the case of the printing presses, intolerance could conceivably be stronger than what was expected based on cold calculations. The recipe for this is rather simple: The enterprise must be placed under state administrative supervision with a single stroke of the pen, and "everything will change" beginning on the next day. The fact that this assumption is well founded may be deduced from the fact that Istvan Csurka dedicated his latest attack published in VASARNAPI UJSAG to the Athenaeum Press. Previous experience clearly demonstrates that the strong man of the MDF [Hungarian Democratic Forum] does not waste words by talking into the air, and that once he had "picked" someone, that person must sooner or later go (for example, Gyorgy Suranyi, Csaba Gombár, Elemer Hankiss).

But the battle cry can also be heard now from the other side: The printers' trade union has already protested the recent placement of the Szegedi Press and of the Debrecen-based Alföldi Press under state administrative supervision. Irrespective of whether these measures were well founded—in Andras Barsony's view, the case of Szegedi Press "was justified in many respects"—the two presses registered their

protests with Lajos Csepi, State Property Agency (AVU) managing director, for the government having failed to observe "its duty to cooperate and to provide information," as required by both the old and the new Labor Law. Printers promise that if this trend continues "we will be forced to use judicial recourse in order to force the government to observe its obligations."

In any event, Lajos Csepi reassured the printers not by repeating what he had said in one of his earlier statement that printing presses were in the category of temporary state ownership, and by no means under long-term state ownership, but by stating in his written response to the trade unions that there was nothing wrong with potentially placing an enterprise under state administrative supervision. In such cases "the form of enterprise management changes, and no change occurs in the living and work

conditions of workers." To the contrary: "The purpose of placing an enterprise under state administrative supervision is to prepare an enterprise for smooth transformation, and to provide an appropriate emphasis to the importance of protecting state property in this process."

The question is, of course, whether the case of the printing presses involves only the ways in which the living and work conditions of the more than 3,000 workers at the four presses changes or does not change. The fact that there is somewhat more to this issue even from the workers' standpoint is suggested by a statement of the printers' union, in which they recalled that "this trade has never tolerated commissars," and "after 1945, the editor of every extremist newspaper could feel for himself what it meant when printers stopped working."

Significant Characteristics of the Four Printing Presses

Name of Printing Press	Number of Workers	Production (expected in 1992)	Value of Assets	President
Athenacum Press	650	1.4 billion forints; 12,000 metric tons	1.8 billion forints	Gyorgy Losonczy
Kossuth Press	725	2 billion forints; 10,000 tons	1.5 billion forints	Karoly Szekely
Szikra Newspaper Printing Press	1,200	4 billion forints; 37,000 tons	Not yet appraised	Zoltan Csodes
Zrinyi Press	550	800 million forints; 5,000 tons	Not a matter of public information	Istvan Grassely

**Poll on Suchocka Government's Survival Chances**  
92EP0600A Warsaw RZECZPOSPOLITA in Polish  
27 Jul p 2

[Article by Renata Wrobel: "Government—Inefficient but Stable"]

[Text] Hanna Suchocka's government will survive at least until the end of this year, according to the majority of those surveyed at the request of RZECZPOSPOLITA by the Sopot-based Social Research Laboratory on July 18 and 19 (a 1,000 plus strong, representative group of Poland's adult population). However, asked "whether a government composed of several parties with different programs can work efficiently?" every other person polled (50 percent) answered "no," while every third (33 percent) said "yes," while every fifth (16 percent) did not know.

This apparent contradiction of opinions can be explained in several ways. The first, unconvincing hypothesis would be that people do not see any major differences between the programs of the government coalition parties. A more likely explanation is that people do not correlate the government's inefficiency with the need to replace it. "The previous governments were not considered efficient either, but they

still managed to survive for at least half a year," the surveyed seem to be saying. They might have also assumed that some political parties would insist upon maintaining the present cabinet for reasons other than its efficiency, such as their fear of new elections or the strengthening of the president's power.

In addition, the personal sympathy with which the Poles have received the prime minister, might have influenced their good prognosis for Hanna Suchocka's government. According to an OBOP's [Center for Research of Public Opinion] survey, conducted in mid-July, almost two thirds of those polled (65 percent) expressed their trust in her. These positive attitudes towards the person of the prime minister might have been "extended" onto entire cabinet.

The chances of Suchocka's government are seen as much better than those of Jan Olszewski's government at its beginning. In January 1992, soon after his cabinet was established, only 26 percent of those surveyed saw a possibility of its survival until the end of the year. That figure never exceeded 30 percent until the end of Olszewski's government. The difference is clearly visible, although one has to remember that "to survive until the end of the year" meant something different in January than it means in July.

**Government's Chances for Survival Until End of 1992**

Olszewski's Government			Suchocka's Government		
January			July		
Will Last	Will Not Last	Do Not Know	Will Last	Will Not Last	Do Not Know
26	44	30	59	22	19

Source: Social Research Laboratory

In particular, the proponents of only two coalition parties—UD [Democratic Union] and KLD [Liberal Democratic Congress]—believe that a divided government can work efficiently, and that Suchocka's government will survive at least until the end of December. The ZChN [National Christian Union] electorate thinks like the majority of those surveyed. The sympathizers of PPG [Polish Economic Party], PL [Peasant Accord], SLCh [Peasant Christian Party], and PChD [Party of Christian Democrats] are less optimistic (there were so few of them among those polled that it is difficult to make far-reaching conclusions). Also the Solidarity proponents are convinced that the government will survive until the end of the year (this grouping contributed to the establishment of the current coalition). Among the opposition parties, it is the KPN [Confederation for an Independent Poland] electorate that expresses the most trust in Suchocka's government, while at the same time it does not expect an efficient work from a government, composed of parties with major programmatic differences.

The current government is seen as being able to survive "until the New Year's Eve" by those with higher and medium-level education, the affluent ones (with the monthly income more than three million zlotys [Z] per capita), employees of the state institutions and enterprises, white collar workers, managers, and the city dwellers. The opposing view is held by the least educated, the poorest (less

than Z700,000 monthly per family member), private entrepreneurs, students, and the country people.

**KLD Leader Analyzes Current Policies, Economy**  
92EP0546C Warsaw PRAWO I ZYCIE in Polish  
No. 26, 27 Jun 92 p 7

[Interview with Janusz Lewandowski, leader of the Liberal-Democratic Congress, by Zdzislaw Zaryczny; place and date not given: "Poland Is Wasting Time"]

[Text] [Zaryczny] Offstage in the Sejm they say that the KLD's [Liberal-Democratic Congress] doctrinal approach ruined the chances of Premier Pawlak's mission. It seems that neither persuasion nor their fall from power has succeeded in weaning the Liberal Democrats from economic orthodoxy and faith in the "invisible hand" of the market.

[Lewandowski] Liberalism has nothing in common with any doctrine, unless it becomes a kind of ultraliberalism as in the case of Korwin-Mikke. Both in 1991, when we Liberal Democrats had been in power, and now the KLD's view of the Polish reality is characterized by the same pragmatism, without any mechanical borrowings, without any dogmas to be toppled. The KPN [Confederation for an Independent Poland] specializes in labeling us as extremists, as it refuses to admit the harm caused by its own equivocal, to put it mildly, stance.



[Zaryczny] What is your party's relationship with the PSL [Polish Peasant Party], which a year ago moved for a vote of no confidence in the Bielecki government?

[Lewandowski] Like many other parties, the PSL built its political capital by criticizing the governments in the years 1990-91. Nevertheless, during this round of talks, it proved to take a serious approach to participating in the governance of Poland, and therefore we treat it seriously. Properly speaking, we have reached a fair consensus on all the issues. Suffice it to consider the record of agreements and disagreements to see that nearly at every point the "Triplet" consisting of the UD [Democratic Union], the KLD, and the PPG [Polish Economic Program] as well as the PSL is opposed to the KPN.

[Zaryczny] Your party allied itself with the PSL precisely at a time when it has become clear that Pawlak's mission has failed.

[Lewandowski] Indeed, it no longer seems possible that a majority government headed by Pawlak can be formed. The manner of reaction will depend on that politician: let us leave it to him. At the same time I wish to emphasize that in these last 2 weeks Pawlak has conducted himself with great tact. It seems to me that he shall still determine the PSL's style for years ahead, and I wish him that.

[Zaryczny] Might not Pawlak use the PSL-UD-KLD-PPG and KPN alignment to build something more solid than "an overnight coalition of common interests"?

[Lewandowski] He might. But as we see it, his only chance lay in getting one of the parties which had voted against him to join the coalition, and an accord with the KPN would be the most difficult to attain. As a matter of fact, from the very beginning of the coalition talks, the KPN enacted a kind of political theater by promoting the concepts of eccentric experiments such as the "open budget" or "printing money according to need." There was no serious commitment to talks, and instead they were exploited as a convenient forum for repeating political slogans ad nauseam. Thus, the success of Pawlak's mission hinged on overcoming the resistance of the ZChN [Christian National Union] and the PL, which did not take place.

[Zaryczny] Even so, your party decided to join the talks.

[Lewandowski] We decided so wholeheartedly, because we are aware that it is the "quarrels at the top" that dismay most the Polish public nowadays. We must all pass a severe test in order to save the remains of authority of this parliament, and in general of democracy in Poland. This is a test of reaching points of agreement in a situation in which the starting points are hugely different. This is chiefly a test for politicians, as it requires exploring areas of agreement rather than of division.

[Zaryczny] "Beat the liberals!" was the shout of the protesters from the Solidarity 'Network' when they recently occupied the gates of the Sejm. The test you refer to will certainly not be held in the street, there is not going to be mob rule.

[Lewandowski] Such is my hope. But the last six months have been unusually destructive. First the campaign of search for thieves and then the campaign of search for agents prompted surges of mistrust or even hostility, so that practically every authority in Poland has been undermined. The belief in the meaningfulness of the procapitalist direction of reforms has been hurt. Yet that also is the way followed by all the nations of East Europe, and they do not even pretend that a different, third road can be found. Unfortunately, we are bearing the consequences of what did not end with the electoral campaign but has, as it were, resumed along with the Olszewski Administration.

[Zaryczny] You forget that we would have avoided a certain rhetoric during and after those elections had not the Bielecki Administration made many mistakes. The Liberal administration, which had its five minutes of fame in 1991, has probably drawn conclusions from these failures.

[Lewandowski] That basically is the art of learning from one's own mistakes and those of others.

[Zaryczny] Which was the greatest mistake?

[Lewandowski] We came to power with the slogan of privatization, but it turned out that our program immediately collided with all kinds of resistance, strikes, protests. Properly speaking I can think of no measure that has not been objected to. Our mistake lay in promoting the privatization of individual factories, one by one. There was no overall concept and no allowance was made for our going to be associated with the EC [European Community] and signing treaties with the United States as well as for the forfeiture of opportunities by the Polish arms industry, etc., or for the need to subordinate privatization policy to some strategic concept relating to the transformation of the Polish economy into a capitalist form. That was probably the greatest mistake. Secondly, we had not viewed state industry as the main problem, yet that is what it turned out to be. Third, we lacked the skill at a dialogue with the public, at explaining where we were going and how.

[Zaryczny] Nowadays the chances for the liberals to again take the helm of governance are nil. Agreed?

[Lewandowski] I do not think that today anything could be accomplished in Poland in the absence of the "Little Coalition" containing not only the UD and the PPG but also the KLD. This does not mean that we aspire to govern the country: we have renounced the desire for a Liberal premier. At the same time, any candidate for the premiership should, in my opinion, display the fundamental trait of having the courage to tell the public about the positive issues involved at the moment.

[Zaryczny] And what are those issues?

[Lewandowski] One issue is capitalism. I am not afraid to use that word. Consider the reaction of the world press to the appointment of Pawlak to the premiership: "Perhaps Poland is returning to the road of reforms." Essentially, after all, the point is not an antirecession policy or economic revival, these being slogans good for President Bush or for whatever country already has a stable economy. The point is

rather, in our country, still the same, that of changing the economy, such as it is at present, rather than reviving it.

[Zaryczny] In this connection, whom will your party support for the position of prime minister?

[Lewandowski] We are not passive observers who merely give or withdraw support.

[Zaryczny] Are you speaking on behalf of the "Triplet"—the UD, the PPG, the KLD?

[Lewandowski] I am empowered to do so, considering that these three parties represent 112 votes in the Sejm, and therefore it is difficult to conceive of effective government in Poland without their approval. The fact that the "Little Coalition" has been formed is to me a great political success against the background of that hopeless interparty bickering which we are observing nowadays.

[Zaryczny] Does this mean that the "Triplet" will be able to "manufacture" yet another candidate for the position of prime minister?

[Lewandowski] Yes, although I would not like to enlarge on this topic, since our party is a loyal participant in the talks with Premier Pawlak. At the same time, we attach great importance to purposeful action. We have ceased to focus solely on principles, unlike the Democratic Union, which has always viewed everything through the prism of principles and values, at the expense of effectiveness. I believe, however, that, without abandoning certain political principles, the "Triplet" is now capable of demonstrating its effectiveness. This is appreciated by Premier Pawlak, I believe, and by our partners as well, although this certainly vexes some. Our position is unequivocal: We shall not approve of any policy which will not assure consistency on the procapitalist road and in pursuing association with the EC, and which will not assure, by means of the "Little Constitution," improved conditions of governance.

[Zaryczny] Many different policies are being proposed for Poland, practically as many as there are active political parties in this country, 130. The problem is that this jigsaw puzzle still cannot be put together.

[Lewandowski] That is why we are drifting in the direction of new elections ahead of schedule—premature elections that I, unlike many of my colleagues, consider to be unfortunate to Poland.

[Zaryczny] Why?

[Lewandowski] To me the point is what can be done and how time is being wasted. And Poland is wasting its historical time. The first 2 years of the reform were difficult and painful, but the reform was treated seriously. In the first half of this year, through our own efforts, we lost prestige as a country aspiring to not just a geographical but also a cultural, political, and economic place in Europe. Viewed from this standpoint, holding yet another feverish round of elections in the absence of any special hope that they would result in a better, less fragmented parliament, offers no prospects for improving the health of the Polish democracy.

[Zaryczny] Is there any force still capable of stopping our country's aimless drift?

[Lewandowski] We can only count on the elementary political will of the parties represented in the parliament to maximally "squeeze" the existing alignment. We shall operate in this direction so as to bring about the rise of a credible premier and a majority government that would include both the "Triplet" and other post-Solidarity groupings; the PSL also, because an effective governance of Poland cannot be confined to the so-called post-Solidarity forces, since they have not always proved competent to govern.

[Zaryczny] The fiasco of the Pawlak mission places your optimism under a question mark.

[Lewandowski] The likelihood that democracy will be compromised and elections set ahead of schedule is indeed greater than the likelihood that a sensible majority will be pieced together in the present parliament. But this does not upset me, because it has already often happened in history that the will and determination of politicians led to less likely scenarios.

[Zaryczny] But there is the growing strength of such extra-parliamentary groupings as those led by Parys, Lepper, and Tyminski, who depict themselves as "true leaders of the nation." What if they knock on the parliament's door?

[Lewandowski] This is the greatest danger now facing Poland, this so-called movement for the defense of the Third Republic. I could even mordantly call it a trash can, in which is accumulated everything that smacks of demagoguery and cannot be accommodated in constructive and positive views on Poland. That movement derives its strength from stoking the frustration and discontent of the society and by inciting hatred and intolerance.

[Zaryczny] What about the present political leaders? Will they wake up and reach a reasonable compromise?

[Lewandowski] Some of these leaders will probably no longer wake up. I view them as having a kind of powerful mental block, a kind of unusual, great will to hold on to power, which to me seems exotic. Such attachment to seats of power after one can no longer act effectively makes no sense. Then also there are the continual postponements of votes in the Sejm, the endless litigation, etc. It is a great pity that people who have lost power cannot relinquish it in a dignified manner and are incapable of acting in the spirit of parliamentary cooperation. Were they to succeed in getting rid of their mental blocks, opportunities for a majority coalition would appear.

[Zaryczny] Either that or new elections.

[Lewandowski] Yes. I think that this is the last chance. Unless we build a majority coalition, we will face speedy premature elections. In view of what is happening nowadays, such elections would probably mean plunging this country into another round of a skirmish-type civil war, with everybody against everyone else. Then, to be sure, there will be no programmatic disputes anymore; there will be only "arguments" over composing and transmitting

downward, to discrete localities and electoral districts, lists of candidates picked according to the principle of remembering who one's political enemies are, plus access to a printing plant.

[Zaryczny] Thank you for the interview.

### **Party Positions on Reprivatization Outlined**

92EP0561D Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 2 Jul 92 p 1

[Article by A.K.K.: "Controversy Over Two Bills"]

[Text] The government's bill on reprivatization dropped out during the qualifying heats because it was not submitted to the Sejm within the time limit. As a result, during the plenary debate on the first of the month, the first reading of two bills from the floor took place: that of the Union for Real Politics [UPR] and another proposed by a group of deputies from the Democratic Union [UD], the Liberal Democratic Congress [KLD], and the Polish Economic Program [PPG]. Common to both bills is the desire to right wrongs such as arose in the 1950s and 1960s as well as the fact that these will be changes of a structural nature. They differ as to which people should be entitled to press claims, the range of claims, the method of compensation, and the process of vindicating rights.

Presenting the first of the bills, Deputy Lech Pruchno-Wroblewski (UPR) stated that reform, of which there has been talk for three years, should begin with the liquidation of the bulwark of the communist system, namely the system of ownership, which has remained untouched. The restitution of rights should be full such as that which has already taken place in the political sphere. But it is still essential in the area of property rights. Therefore, adopted as a point of departure in the bill was restitution to all people whose property was taken from them, in other words, whose basic civil right, the right to property, was violated.

The bill provides for the following: the return of property in kind; equal treatment for all citizens who were harmed financially and for their heirs; the assumption by the State Treasury of debts encumbering the property; the exemption of persons who are recovering property from judicial and treasury fees, taxes, and so forth; consideration of the interests of Poles living abroad, compensation for lost zabuzanski property [reference to lands east of the Bug River that once belonged to Poles and after the WWII border changes passed to Russians and Ukrainians]; acceptance of two years for making application.

The second bill was presented by Deputy Andrzej Raj (KLD), who stated that it is the continuation of proposals presented in the Sejm during the last session. The KLD acknowledged that it was not possible to right every wrong. It recognized that the procedure and method of satisfying claims should facilitate rapid privatization, that citizens who lost property as a result of nationalization or displacement cannot receive full compensation, and that the only cases that will be considered are those in which statutes that were in effect at the time were violated.

Next, speeches were made in the name of the deputies' clubs.

In the opinion of Deputy Tadeusz Syryjczyk (UD), the greatest controversies concern questions of whether to return property in kind or whether to award damages. Restitution in kind is often not possible, but property should be returned wherever expropriation or nationalization took place in violation of the law. The statute should not weaken agricultural reform. The UD begins with the assumption that a lump-sum estimate of damages should be adopted, and an application period of a year or half a year should be specified. After the application period expires, the remaining claims should be considered extinguished. The club is coming out in favor of further discussion on reprivatization in the Sejm commission.

The SLD club [Alliance of the Democratic Left, a coalition of postcommunist parties and organizations] has come out in favor of sending to the Sejm commission just the joint bill of the UD, the KLD, and the PPG and in favor of rejecting the UPR's bill at its first reading. Deputy Jozef Oleksy, appearing in the name of that club, drew attention to the fact that reprivatization has been discussed for a long time, but since the beginning a political and ideological dimension has been given to it which makes agreement more difficult. The SLD believes that the lack of a law on reprivatization does not slow privatization. Reprivatization should be treated as a method of improving the efficiency of the economy, but Poland cannot afford to redress all the wrongs of the past. It is in favor of judicial remedies to vindicate claims. It will demand from the ministry a determination of the costs of settling claims.

The PSL [Polish Peasant Party] club, said Deputy Andrzej Bajolek, will move that both bills be rejected and that the matter of privatization and reprivatization be decided in a referendum. The club demands that the government prepare its own bill before 1 September.

The ZChN [Christian-National Union] proposed that both bills be sent to the commission, in spite of its critical attitude toward the bill of the "troika."

The KPN [Confederation for an Independent Poland] is in favor of rejecting both bills at the first reading. According to the KPN, the criterion for privatization should be the improvement of economic efficiency, not the interests of narrow groups.

The KLD, as Deputy Janusz Lewandowski said, believes that reprivatization should be conducted in such a way that it not disturb rapid structural changes. It defined the "troika's" bill as one limited by the financial capabilities of the state.

The PC [Center Accord] does not agree in full with any of the bills, but it proposes to send both to the commission.

The NSZZ "Solidarity" club acknowledged that the bill presented by Deputy Raj is better, and it should serve as the basis for the further deliberations of the Sejm. The bill of the UPR should be rejected. Peasant Accord [PL] has also come out in favor of this bill. The Party of Christian Democrats [PChD] came out in favor of further discussion of both bills,

as did the Peasant-Christian Party [SLCh], which is also in favor of waiting for a government bill. Christian Democracy [ChD] was of a similar opinion, believing that consideration of the government's material is essential, even as an auxiliary. Labor Solidarity [SP] came out in favor of compensation primarily in bonds; the Union for Real Politics for restitution in kind.

#### **Details of Debt-Reorganization Plan Provided**

*92EP0553B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 17-18 Jun 92 p 1*

[Article by Pawel Jablonski, Danuta Walewska, and A.H.B.: "Reorganization, Not Charity: The Financial Restructuring of Enterprises and Banks"]

[Text] According to the calculations of the Ministry of Finance, about 10,000 Polish private and state enterprises are at the threshold of bankruptcy and have forfeited creditworthy status. Fewer than 2,250 of them can be subjected to financial restructuring combined with an extensive operational restructuring; most likely, the draft law on the financial restructuring of enterprises and banks will apply to half that number.

Deputy Minister of Finance Stefan Kawalec and Director of the Banking Systems Department Slawomir Sikora shudder when they hear the word "charity" applied to this operation, designed for over several years. They term it instead "debt reorganization," in no case debt forgiveness. They stress that the banks and the ministry of finance help only those enterprises which will help themselves and have a chance to cease losing money in a market economy. There can be no mention of any indulgence toward the debtors whatsoever. The Szczecin Shipyard was mentioned as a model enterprise ideally suitable for this kind of operation.

#### **A 20-Trillion Zloty Program**

The overall cost of the financial restructuring is estimated at 20 trillion zlotys, with the proviso that in the first few years it will be funded from the \$400 million granted to Poland for this purpose by the World Bank, which after 4 months of negotiations was convinced of the validity of this project.

The debt crisis of Polish enterprises has become virtually a blind alley. The banks to which the enterprises owed money concealed this situation and made it worse by, say, granting further credits for interest payments and extending the repayment periods. It was only after a study of the credit portfolio that it was found that a huge part of the credits granted was in two categories, one dubious and the other insolvent. The anticipated restructuring will apply to just these credit categories. At nine Polish commercial banks special departments were set up exclusively for administering "bad debts."

Several ideas on how to eliminate the arrears in loan repayments have been proposed. One was to simply write them off. Since enterprises and their suppliers owe each other, they could cancel out each other's debts. And indeed there exist cases in which this mechanism is applicable. But there would still be always some enterprises with unpaid obligations and promissory notes to be repaid. Such a

solution of the debt problem would entail an unknown drain on the state budget, because ultimately it is the state budget that buys up the promissory notes anyway and accepts them when collecting taxes.

#### **Debts and Stances**

The principal shortcoming of this solution would be however that there would be no changes at the enterprise level, yet some enterprises would remain permanent money losers so that their debt relief would not solve anything. A similar operation was conducted in 1987 by Morocco, but the behavior of the deficit enterprises had not changed one iota. The enterprises whose debts were relieved regained their creditworthiness and again contracted loans, which they had no chances of repaying, because they remained inefficient.

Foreign experts advise resorting to another solution, namely identifying bad loans in the banks and establishing a special state agency which would take over these loans and in return issue bonds to the banks. From the standpoint of the banks this would of course be a satisfactory solution, but the problem is that there is no state institution which can do anything about such a large quantity of bad debts. This problem was partially resolved in Czecho-Slovakia, where the situation in the banks improved and the enterprises were relieved of their debts, but even so they lack incentives to change. Thus, in the future they will have to be either subsidized or put under receivership.

#### **Settlement Proceedings**

In Poland both the above solutions were rejected and an indigenous one was worked out. All bad debts will be considered case by case, which in itself will cause changes at the enterprise level. A mechanism known in Western economics as "debt reorganization" and in Polish law as "settlement proceedings" will be utilized. This means that if a debtor is for any reason unable to repay his debt, but there is a chance that the enterprise will function in the future, it is in the interest of the creditors not to subject the enterprise to bankruptcy proceedings. This law has been binding since 1934.

The most advanced project is the procedure employed by the Polish Bank for Development with respect to the Szczecin Shipyard, with an application already submitted to a court. The principal reason why precisely that enterprise was chosen is because the shipyard itself is trying to surmount its difficult situation and has enough solid orders to keep it busy. According to Stefan Kawalec, Polish enterprises unfortunately have little expertise in cost calculations. Until now production cost did not matter and only sales mattered.

The agreement reached by the banks in the case of the Szczecin Shipyard presumes that the shipyard itself will take cost-cutting measures and that it has already changed its organization of production. The creditors on their part decided to exchange part of the debt for shares in the shipyard, agreed to accept a reduction in some of the obligations owed them, and gave up a substantial part of debt interest. In the case of the Szczecin Shipyard the State Treasury is cooperating with the creditors. Still, debt

restructuring decisions are conditional: If any enterprise fails to carry out its restructuring obligations, it cannot count on understanding from its creditors.

A potential chance for such an understanding, though it is not 100 percent certain, exists for the Gdynia Shipyard, with both the Bank of Commerce and the Bank of Pomerania being ready to accept a settlement and the Ministry of Ownership Transformations having consented to the exchange of debt for shares in that shipyard. Thus it still remains for that shipyard itself to show that it accepts this solution.

#### **From Proactivist to Hysterical Enterprises**

In the opinion of the Ministry of Finance the enterprises to which the law in question would apply display a variety of responses: Some do nothing and wait in the hope that perhaps a more convenient solution may be proposed, others are ready to begin restructuring themselves but give it up as soon as they encounter the first obstacle, others still try to complete and improve their own restructuring despite the obstacles, and finally there are the enterprises which react almost hysterically.

Also important is the behavior of the banks themselves: they must develop their own rules of the game serving to properly evaluate enterprises and the steps they take and to identify the rhetoric of those which make unsubstantiated claims that they are very important and doing very well but the ministries are biased against them. It will be necessary to work out operating procedures, which Slawomir Sikora terms "financial engineering," for each of the restructured companies.

The present banking law restricts the value of bank-owned shares and bonds to 25 percent of the capital stock of the banks themselves. In a situation in which some banks have already exceeded this ceiling, this would restrict their possibilities for exchanging debts for more shares. That is why amendments to the banking law are being drafted so as to eliminate all restrictions on their acquisition of Treasury bonds, by raising that ceiling and empowering the chairman of the National Bank of Poland to raise it yet again.

Pawel Jablonski and Danuta Walewska

#### **The Council on Ownership Transformations and Restructuring**

In a communique on its last meeting the Council of Ownership Transformations under the Chairman of the Council of Ministers supported renegotiating enterprise debts, recovering lapsed loans by the banks, and augmenting the capital stock of the banks by utilizing, e.g., World Bank credits.

The draft of the law on the financial restructuring of enterprises and banks presented on 11 June by the Ministry of Finance may be, in the council's opinion, a good starting point for resolving these problems. The ministry-proposed commercialization of debt claims, i.e., their sale and purchase, and permission to exchange these debts for shares in enterprises should promote a more efficient privatization and growth of the capital market. In the council's opinion as

well, these operations should serve to resolve, at least partially, the problem of so-called arrears in payments.

A prerequisite for debt renegotiation should be the presentation by interested enterprises of their own restructuring programs. As regards enterprises whose financial situation appears hopeless, they should be subjected to receivership or bankruptcy proceedings.

In the opinion of the council's members, the Ministry of Finance should specify the exact scope and date of implementation of the proposed undertaking. The discussion so far has stimulated expectations for so-called enterprise debt relief, and this may cause state enterprises to be less interested in getting privatized.

Specific comments on the draft law on the financial restructuring of enterprises and banks will be presented by the council at a later date. A.H.B.

#### **Charges of Inept Fuel-Import Licensing Denied** *92EP0564A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 8 Jul 92 p II*

[Article by Danuta Walewska: "Once Again on Fuel-Import Licenses"]

[Text] The Ministry of Foreign Economic Cooperation has requested, upon referring to the Press Law, this newspaper to publish below a rectification of the charges contained in the report "The Importer Feels Gratified" and the article "Will There Be a Gasoline Shortage?" (RZECZPOSPOLITA, 20-21 June 1992).

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"The obligation of paying an income tax on fuel imports was introduced by the previous government (Decision No. 10 of 28 October 1991, taken by the Minister of Foreign Economic Cooperation on the recommendation of the Minister of Finance). A government decision of 12 December 1991 (Minutes of the Meeting of the Council of Ministers, No. 61) has extended this obligation to imports of alcoholic beverages and cigarettes. It is inconsistent with the truth to claim that import licenses were granted to companies that are either unknown or brand-new. A complete list of the companies granted fuel import licenses has been regularly released to the press in communiques of the Ministry of Foreign Economic Cooperation. It is a pity that these companies are unknown to the authors of the abovementioned publications.

"The Ministry of Foreign Economic Cooperation also wishes to offer here a reminder that the size of the fuel import quota is determined by the Ministry of Industry and Trade on the basis of studies of the market supply of fuel, while the amount of the tax is determined by the Ministry of Finance.

"The Ministry of Foreign Economic Cooperation leaves without commentary the fact that RZECZPOSPOLITA has published dispatches that had been withdrawn by the Polish Press Agency." Ministry of Foreign Economic Cooperation Press Office, Anna Ferens

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I must admit feeling astonished that the Ministry of Foreign Economic Cooperation is so insistently trying to prove that it does not understand the accusations made against its procedure for granting import licenses. In my original article I had written that I was surprised by the fact that the companies applying for the licenses were required to pay taxes only in order to apply for tax rebates later. Here I had in mind Minister Glapinski's declaration that he is concerned with increasing budgetary revenues, and the fact that the biggest fuel importers received permits to import fuel from Finland, considering that under the KAVSOS Agreement that country does not have to pay any duties. How much money will thereby be lost to the state budget, which in the minister's opinion is supposed to gain thereby? I also believe that, in order that the importers can import fuels by the customary procedure without having to pay "vacation" prices, that is, as every year, higher prices, their applications should be processed as soon as possible. Why is it then that the ministry has been so slow in attending to these formalities, thus paralyzing the operations of importers in many cases?

I continue to believe that the import licenses were granted chiefly to unknown or quite recently established companies. I, and not only I, have been familiar for a long time with the names of such importers as, say, Intercam (which was not

granted a license), or Esso, or Aleksander Gawronik's company, than with those of Yszmak, SOLO, or Horn. Not to mention that we had difficulty in getting the Press Office of the Ministry of Foreign Economic Cooperation to disgorge even piecemeal the names of the lucky companies which were granted the licenses, as if it were something embarrassing to the ministry. Besides, that is how it was from the very outset when the lists began to be composed. To this day I still do not understand why the commission tried at the time to keep it secret that companies benefiting from tax vacations, that is, joint ventures, were not eligible for the licenses. I have many similar questions, but, to tell the truth, I had been hoping that I would not have to revert to the subject of import licenses.

Lastly, Ms. Anna Ferens advises that the size of the fuel import quota is determined by the Ministry of Industry and Trade, and the size of the taxes, by the Ministry of Finance, as if somebody other than the Ministry of Foreign Economic Cooperation were responsible for this entire mess.

In conclusion, how about Ms. Ferens's leaving "without commentary," namely our having cited a dispatch withdrawn by the Polish Press Agency? The only thing we had cited from that dispatch was a statement by the press spokesman of the CPN [Petroleum Products Center], which he later repeated for our benefit. Even so, in such cases it is our custom to cite the source, and that is a good press custom which Ms. Ferens may not be aware of.

**Stolojan's Moves in Covasna, Harghita Criticized**  
*92P20381A Bucharest DIMINEATA in Romanian*  
*11 Aug 92 p 1*

[Article by Grigore Traian Pop: "The Limits of Political Compromise"]

[Text] According to most students of politics, the dialectics of politics is compromise, that is, agreement based on mutual yielding, on concessions. It is understood, therefore, that the achievement of a compromise presupposes the existence of some basic misunderstandings and also of some zones of convergence. From this perspective, I find it very hard to find the zones of convergence in the recent decision of the prime minister to appoint two "governors" in Covasna and Harghita counties—one because he is a Romanian and the other because he is a Hungarian! The conflict is artificial and provoked. In this case, the compromise of Theodor Stolojan also means the compromising of some democratic principles and some provisions of the constitution. The bicephalous Hungarian-Romanian character of the management of these counties or, according to the interpretation of some, the introduction of Hungarian political censorship in regard to the Romanian prefect, can be regarded as the institutionalization of interethnic conflicts by the government. From now on, Romanians will be able to address their prefect, and the Hungarian extremists—boasting, arrogant, and offensive—will consider that the only master of the county is their man, who was imposed by force.

Certainly, the attitude of Theodor Stolojan, encouraged by advisers who are more or less lucid and more or less well-intentioned, is explainable: the pitfalls of the election campaign, which he would like to be calm, just as we all do; the desire to escape, for a time, from the poverty-level wages of the government, and to carry on a real business in the West. But, giving an explanation of this attitude does not imply that we are automatically finding justifications for it. Theodor Stolojan, a declared political independent, but not without political sympathies and influences, initially made a decision that he had the right to make on the basis of his position, the laws of the country, the interests of the nation, and—why not say it?—the interests of the population of the two counties consisting of Romanian citizens; even though the Hungarian state flag is harbored there—in a manner that is provocative or humiliating for Romanians—and revanchist, irredentist, and revisionist hymns are sung in state institutions.

Called to order by the Democratic Association of Hungarians in Romania [UDMR] leaders, intimidated by the avalanche of the protests of the "collaborationists," Theodor Stolojan forgot that he is the prime minister of Romania and that he is apolitical. He made a decision dictated by one party or a number of parties, contrary to the interests of the nation; his decision serves to escalate interethnic conflicts and not to reduce them. As we have said, Mr. Stolojan has created a local "governing" institution that recognizes the existence of the divergent, irreconcilable interests of ethnic groups. Perhaps the Romanian prime minister was most confused by the UDMR's invoking the

so-called principle of proportionality, without being concerned about what it is, where it comes from, and when and how it is applied. Could censorship of the legal decisions of the government of Romania come from this? Of course not.

Despite appearances, our prime minister is a rather unstable structure. Sometimes he gives in to nerves. The decision to which we referred, it has been said—with incalculable consequences for the fate of Romanianism—has a psychological basis: the fear of the financial expert Theodor Stolojan that he might become persona non grata in the eyes of the Hungarian diaspora and an authority in the field of finance. As for me, I am not going too far with such suppositions but I also cannot ignore them. As a result, the main factor in political compromise is the national interest, now more than ever, here in Romania, in the Romanian space, perhaps more acutely than anywhere else in Europe.

**Article Assesses Parties' Chances in Elections**  
*AU1608154292 Bucharest CURIERUL NATIONAL*  
*in Romanian 11 Aug 92 pp 1, 4*

[Article by Paul Dobrescu: "Political Glimpses on the Eve of Assumption Day"]

[Excerpts] Just a few people are able to contradict the fact that in the coming elections the Democratic Convention [CD] is in a position to win. [passage omitted] This also depends on the way the election campaign takes place. It is interesting to see what is happening in the following parties. The games, the efforts, and the genuine race are all taking place here primarily for the purpose of occupying the second place. Why is second place so important? Let us not forget that the CD is an electoral alliance. The day after the election it may break up. The only strong party in it is the National Peasant Christian Democratic Party, which will, undoubtedly, reap advantages from the coming elections, namely acquire the greatest number of seats in Parliament.

The second place is so important, because it will be resorted to first to form a government coalition. The party holding this place will benefit from a really privileged position in the sense that it will enable it to "play games." [passage omitted]

Here are some reasons relations between the National Salvation Front [FSN] and the National Democratic Salvation Front [FDSN] will become tense in the upcoming period. Not only because they have emerged from the same party, but especially because they are the main candidates for this desired second place. The struggle will be tense because a "neck-and-neck" race is taking place between them. The FSN has an advantage "at the base," where people may appeal not only by virtue of their preference, but also because of inertia, while the FDSN has to gain ground but may have the advantage that, if it knows how to use the slogan of social protection, especially after the price increase on 1 September, it will be able to penetrate the big masses, who feel the need for protection.

What is happening with the other parties? The Agrarian Democratic Party of Romania [PDAR], which would be



recommended by the results achieved in the "local" elections, is at a double disadvantage: First, because parliamentary elections are no longer individualized; [passage omitted] second, because of the emergence of the FDSN, which has taken the wind out of the PDAR's sails. Part of the electorate could have voted for the PDAR; however, no one can rule out that they will prefer this new formation whose agricultural program resembles the one of the party led by Mr. Surdu. [passage omitted] If conflicts, which have already appeared in some counties, between the PDAR structures and agricultural directorates are avoided, then Mr. Surdu's party may hope for a comfortable seat in parliament.

The Romanians' National Unity Party [PUNR], which is ever more confident in its strength—"I have no countercandidate to the presidency," as Mr. Funar said—and which has strong organizations not only in Transylvanian counties, actually has no great figures who could lend it a different nature, a different opening, and different recognition. However, the events taking place at our country's borders could guarantee this formation a considerable number of votes. PUNR statements contain a lot of suffering, they express the genuine troubles experienced by people. [passage omitted] The fact that several formations of the same type have emerged and that such formations are popular indicates that the problems they raise are genuine problems. From the point of view of an immediate political goal, the unification would guarantee the success of these formations. [passage omitted]

The activity of these formations will be intense, because their concerns and the questions they tackle are intense; however, to reach the status of alternative formations, they need political construction that these formations do not seem to be interested in.

Finally, the National Liberal Party [PNL] is in a very special situation. After leaving the CD by losing part of its followers or supporters of a certain leaning, the PNL indulged in maneuvers with the king, thus losing another category of followers and/or supporters of a different caliber. This is why we seem to be waiting for something additional from this formation, which has left us sort of in the middle of the road. We have a feeling that this movement is not complete. A card is missing. Therefore, in the coming period we expect something special on behalf of this formation, and maybe, something more inspiring.

#### Unemployment Situation Revealed in Statistics

92BA1163A Bucharest TINERETUL LIBER  
in Romanian 25, 26 Jun 92

[Article in two installments by Florenta Mardale and Corneliu Talmaciu: "Unemployment, Social Suffering"]

[25 Jun p 2]

[Text] While we were researching this topic at the Work Force and Unemployment Office, we met a woman, a specialized inspector, who at a certain point, while talking to us about the unemployed, almost burst into tears. It was breaking her heart to discuss this problem, despite the fact that she was facing it every day. Her name is Sanda Mocanu.

Among other things, she highlighted two cases: industrial units that are throwing so many people out of work, and the director of an old unit in Bucharest who preferred not to irritate the employees, and what is more, who is doing all she can to keep people in their jobs. We would have liked to write about this rare and special case, but when we went to the actual industrial unit, the director general in question asked us not to make the matter public, because it would mean deriding many highly placed people with detrimental results; and that is why we are not disclosing her name while congratulating her on her gesture.

Going back to the reaction of the inspector, who is by now accustomed to the unemployment problem since it is part of her job, imagine how difficult it is for us to write about it. What shall we tell the readers? That there is hardship, that there is some hope? What? Everyone knows the ravages of this social plague. That is why, without any comments, we will provide some data for Bucharest and for the country.

At the Work Force and Unemployment Office of the Ministry of Labor and Social Security, Minister State Secretary Constantin Alecu told us about some of the aspects of the problem, but analyzed it in a broader context. Summarized, they are as follows.

Of Romania's total population of 23.2 million, 49.3 percent are men and 50.7 percent are women. At the end of 1991, 13.1 million people were old enough to work, with 10.7 million of them employed in the economy (of which 7.1 million were working for salary); the difference represented students and pupils of working age, people unable to work (invalids, retired), servicemen on duty, householders, and the people looking for work. Since then however, the number of employed people continued to drop and the number of unemployed increased, such that the support of the second category by the first is a very great burden.

On 15 June 1992, the number of unemployed registered and compensated by the work-force offices was 396,487, with 241,756 of them being women. Of these, 345,964 are workers, 42,214 have an intermediate education, and 8,309 have received higher education. The number of unemployed reassigned to the work force or whose payments were suspended was 74,000, and the number of people whose unemployment insurance has expired was 143,049. The unemployment fund available on 31 May 1992 was 46,059,496 lei. Also on 15 June of this year, the areas most affected by unemployment were Bucharest and the counties of Iasi, Suceava, Dolj, Vaslui, Neamt, Galati, Constanta, and so on; women predominated, and the most predominant age was below 39, in other words, the young. The most affected trades are mechanics, garment workers, machinists, agricultural mechanics, electricians, welders, drivers, and so on; and the most affected jobs are accountants, agricultural technicians, professors without adequate education, technicians, laboratory assistants, and clerks, with the young once more, predominating.

Referring to the difficulties that he encounters, Minister Alecu said: "We do not have adequate resources insofar as neither the prefectures nor the local city halls are helping us. In addition, in many cases economic units do not pay their



four percent contribution to the unemployment fund. We have conducted 7859 inspections so far, found that 384 million lei have not been turned over to us, and recovered 325 million. The reasons for not contributing are that they did not have the money in their bank accounts, or in order to hold on to their own money, they have used it to pay the salaries of their employees. Penalties are 0.05 percent for each day of delay and a moderate fine, with legislators being very charitable toward the guilty units in the economic sector. Another difficulty is the struggle with the peoples' attitude, in that they find it hard to tolerate the unemployment status and do not accept retraining. Yet, although we pay for requalification courses and unemployment assistance, very few people want to take them. But plans for the future are that those who cannot find another job will receive a support allowance equal to 40 percent of the minimum wage for 18 months." Asked how much of the unemployed population the national economy can support financially, the minister answered: "We end 1992 with a surplus of 8,462,000 lei, and we can therefore support 1,200,000 unemployed, including the 400,000 who will end their unemployment and will receive support allocations. For 1993, a draft budget has already been written that provides for a total income of 100 billion lei for the economy, including the remaining 8,462,000 lei, and therefore we will have a deficit of 57 billion lei stipulated in the draft budget."

[26 Jun pp 1-2]

[Text] From the Ministry of Labor and Social Security we went to the Work Force and Unemployment Office in Bucharest, where we spoke with the head of the office, Gabriela Ciutacu. She informed us that "since the publication of the law until now (19 June), 40,127 unemployed were registered in Bucharest, with 25,243 of them women. Of these, 4,523 were placed in new jobs, and payments were suspended for 9,135 unemployed after their term of 270 days expired; 900 others were suspended for various reasons such as medical leave, failure to show for interviews, retired, and so on. We are therefore currently paying 25,556 unemployed persons, but those whose 270-day terms have expired or who have been suspended still represent a problem for us." Among those with advanced studies, we note that the most affected are the engineers, especially those in the design field, and the leading industrial units in terms of dismissed work force are the former Land Improvement Planning Institute (ISPIF), Faur, IOR (Romanian Optical Industry), Electromagnetica, Turbomecanica, and so on.

"By the end of the year we estimate 100,000 to 110,000 unemployed, given that the great majority of the units did not start negotiating salaries until May-June and are beginning to lay off people again, and given the large number of graduates in this year's class, with about 59,000 of them in Bucharest."

Difficulties are rife. First of all, there are not too many jobs, since all units do not communicate the available jobs as stipulated in Law No. 1/1991. Similarly, not all the money is transferred to form the unemployment fund. "There are economic units who have paid their employees from the same unemployment fund or even from social security. But

the inspections conducted in Bucharest units by the unemployment inspection team together with other specialists, have recovered about 26 million lei that were unpaid. But for the time being, the problem is not with the unemployment fund. The difficulty is in the practical means of paying the unemployed, because that's done through the Post Office and the mailmen for various reasons do not find the people at home, or do not try very hard to bring them the money, so that about 700-800 postal money orders are returned every month."

Just like the Work Force and Unemployment Department and the Piata Amzei Office, we are faced with the same difficulties regarding requalification, particularly for young people. Indeed, in the hallways of the Work Force Office we saw various notices of the trades that are offered, as well as notices about retraining.

We also tried to speak with a few young people to hear what they thought; most of them, possibly embarrassed at appearing in the press as unemployed, avoided giving us their full name. For instance: "It's very difficult both materially and emotionally. The work 'break' is confusing because of the uncertainty that awaits us at its end. Not to mention that we don't want to accept the condition of being 'kept' as long as we have all our strength. For the time being, I'm the only one who doesn't have a job in my family. They all encourage me: it's not your fault. But I am the head of my family. Three or four years ago I would have gone to the Danube-Black Sea Canal, since I am a driver and excavator operator. Today, I wait to get a 'handout' from others!" (Vasile Ilisei, Sector 2)

"We are offered the prospect of retraining. Both my wife and I are agricultural technicians. We have lived and want to live working the land. For the time being, the chances are minimal. This category of specialists should be regarded more seriously. In my opinion, the Western type of agricultural farms are not only our salvation, but that of the Romanian agriculture. And yet, this area is simply marking time." (Marin Ionete, SAI)

"Many young people like us could be brought into the construction field, even by changing trades. But do you see any chance for that? Everything stagnates. The only things that proliferate are cheating, swindling, and lowlife wheeling and dealing. We live with the feeling that we are no longer useful. I feel like I'm going crazy. Is there really no need for highly professional and skilled machinists?" (S.I. Sector 3)

"Why are we drawn by the dream of emigration? Because we are becoming marginal as specialists! And don't bother writing about us; no one pays attention to you or to us! Maybe if we were once more to go out into the streets..." (Engineer, Sector 1)

"I worked on construction sites. Influence and connections work a little as they did during the former despicable and sinister days. We are told: you are young, you can start again, you have a lifetime ahead of you. I don't deny it. But there are so many who could take their retirement. They could give us our turn to live: We have a life which we want

to live in dignity. I've taken this trade because I've wanted it since childhood. I don't want to do something else!" (Ilie Staicu, electrician, Sector 6)

"I thought that the privatization would give me a chance. There are very few who would hire a specialized mechanic. And then competition also determines salaries. It's a joke! I'll have to see what I can choose for retraining." (Miron Stefania, Sector 4)

"I would do anything to earn the money to support my family: four minor children and a wife who is now on maternity leave. It's been four months since I've been working here and there, for private parties, for almost nothing. This is not a solution; the solution is a secure job, even if I earn less than I did before, as long as I know that I'm not out of a job next month. I'm a garment worker. I'll try to requalify myself. I have no choice!" (Vasile Prodan, Sector 2)

In reading these two installments about the unemployment situation in Bucharest and in the country, you will draw your own conclusions. What shall we do with this plague? In any case, we can say in colorful vernacular that "the pig is dead in the sty and his rear end is in the doorway!"

#### **Siemens Fiber-Optic Cable Links Capital Centers**

*CSO 92WS0734A Bucharest ROMANIA LIBERA in Romanian*

*15 Jul 92 p 2*

[Article by Adrian I. Ionescu: "Siemens: Fiber Optics in Romania for the First Time"]

[Text] The first section of fiber optics cable in Romania was inaugurated on Friday, 10 June. It links the National Center for Telecommunications [CNT] No. 2 (Drumul Taberei) with CNT No. 1 (Victoria); with its ancillary equipment (capable of 140 Mbps [Megabits per second]), it allows 1920 conversations to be conducted simultaneously.

The equipment and the cable were delivered by Siemens and installed by Rom-Telecom, of course, with "assistance from the German partner." This event would not have been possible if Siemens had not succeeded in lifting the COCOM [Coordinating Committee on Export Controls] embargo against the exportation of such high technology into Romania. The exportation limit now currently affects only transmission capabilities exceeding 560 Mbps.

As we commented not too long ago, at the Alcatel Meeting in Slanic-Moldova, the race to win the Romanian telecommunication market is perhaps the most dynamic in the country. And of course, no business sector can develop without modern telecommunications. That is probably why, when we asked Helmut Rompf, sales manager for European Sales in the Siemens Transmission Systems Division, whether the famous competitors Alcatel and Siemens had already adopted a different orientation for the Romanian market, his answer was rather evasive, even though the answer may be found in the fact that four Siemens-licensed installations (the first three in Constanta, Galati, and Cluj) will be delivered by the end of the year, with 11 more in the

following year. At first sight, this would therefore mean that Siemens is responding to all of Alcatel's "challenges" (in sports language).

Its worldwide results, listed below, entitle Siemens to accept this challenge, and it is left to Rom-Telecom to correctly referee the contest. And on a smaller scale, this is apparently what is being attempted, if we read the announcement of 10 June 1992, which states that Siemens has supplied two 34 Mbps (with only 480 telephone channels) transmission systems "which will be installed on an already existing fiber optic cable of Japanese production (NEC), to provide another link between Alcatel's E10B digital node, and Siemens' EWSD international node."

We will soon bring you further details about Siemens, when we will propose an economic investigation of Electromagnetica and of its joint companies, an investigation that is now being prepared.

#### **Siemens Corporation**

Employees in the multinational company: 401,800 with 243,000 in the German sector. Of these, 65,900 have technical educations. On 30 September 1991, Siemens had 19,200 students actually working or in training.

Value added: DM36.8 billion, of which 86.4 percent were allocated to personnel costs, 5.9 percent to state payments, 2.8 percent to creditors, 1.9 percent to shareholder payments, with 3.04 remaining in the company.

Sales: DM73.008 billion (+ 16 percent with respect to 1990). Net income was DM1.792 billion, and research and development was DM7.892 billion.

Sales distribution: Of the DM73 billion, 30 percent were earned in Europe (outside the German Federal Republic), 11 percent in North America, 7 percent in Asia, 6 percent in other areas, and 46 percent in Germany.

Corporate structure: included 13 groups (in 1991), such as construction and various industrial systems, automation systems, power generation, medical systems, telecommunication systems, and transportation systems.

These figures correspond to the consolidated (unified) financial report of Siemens AG and of the companies in which it has control of direct or indirect voting rights.

#### **Future of Metallurgical Industry Assessed**

*92BA1234A Bucharest LIBERTATEA (Economic supplement) in Romanian 24 Jun 92 p 4*

[Unattributed article: "Does Metallurgy Have a Future in Romania?: Yes, Say, With Certainty, Specialists in This Field"]

[Text] Romania is in a situation where it owns a relatively modern metallurgical industry incorporating enormous investments, which can fully meet all the quantitative and qualitative metal requirements in the country and permit exports apt to ensure the foreign currency resources needed to import raw and other materials. That was the major

conclusion of an extensive study done by the metallurgical industry department, which we will here present in an abridged form.

#### Description of Metallurgical Industry Structures

From a structural viewpoint, the metallurgical industry is divided among 93 commercial companies grouped into four holding associations:

—In 1989 the industrial steel industry production attained a maximum of 13,400,000 metric tons steel: 10,300,000 tons rolled goods, 1,400,000 tons tubing, 1,100,000 tons sheets and cold rolled strips, 500,000 tons milled wire, and many other products. The production of the nonferrous metal industry in 1989 featured: 250,000 tons aluminum, 33,000 tons copper, 39,000 tons lead, and 30,000 tons zinc.

In 1990, the overall metallurgical production was about 67.8 percent of the 1989 production, while in 1991 the production achieved made up 52 percent of the 1989 production.

—The production facilities existing in the metallurgical industry have a total capacity of 16,000,000 tons steel, of which: 9,000,000 tons converter steel, 3,300,000 tons electrical steel, and 4,500,000 tons Siemens-Martin steel. The rolling mills have a capacity of 15,300,000 tons finished rolled goods, the tubing plants a capacity of 1,600,000 tons tubes, the sheet and strip cold mills a capacity of 1,400,000 tons, and the wire mills a capacity of 750,000 t.

The nonferrous metallurgical sector features the following capacities: 300,000 t/year aluminum; 70,000 tons copper; 58,000 tons lead, and 55,000 tons zinc.

In 1989 the degree of utilization of the capacities was:

—Steel industry units: 84 percent steel works; 70 percent rolling mills; 88 percent tubing plants, etc.  
—Nonferrous metallurgical units: aluminum plants, 93 percent; copper plants, 48 percent; lead plants, 67 percent; and zinc plants, 55 percent.

Note that a number of badly worn out capacities (the Siemens-Martin furnaces at Socomet, Ltd., Otelu Rosu; Siderurgica Ltd., Hunedoara; C.S. Resita, etc.) were taken out of production as of 1992.

The material and power resources required by the metallurgical industry are considerable. The metallurgical industry is the second biggest energy consumer after the chemical industry; as for importing raw and other materials, in view of the limited domestic resources, the volumes imported in the sector were equal to those of 1989: 90 percent of the necessary iron ore, 75 percent coking coal, 50 percent ferrous alloys, 90 percent bauxite, and so forth.

Regarding the utilization of material resources, it can be said that with the equipment currently employed, the specific consumption per product unit in the metallurgical industry is on a par with average international standards.

We estimate that in 1990 and 1991, following the steep fall in production and the large specific consumption rates

recorded, it was mistakenly assumed that the entire metallurgical industry was an energy guzzler, a term that was confused with energy-intensive. This situation led to major difficulties in securing the necessary power resources for the sector:

—The foreign trade balance in the metallurgical industry was positive in 1989, but the production decline in 1990 and 1991 resulted in a negative balance.

—Labor productivity in terms of comparable prices followed a downward trend, from approximately 650,000 lei/person in 1989, to 346,000 lei/person in 1991, i.e., 53 percent of the 1989 achievements. The personnel employed in the industry remained generally constant: 203,000 in 1989 and 202,000 in 1991. The research personnel was cut back by 5-10 percent in 1991 and by over 30 percent in 1991 compared to 1989.

—Investment activities slowed down to a minimum. The most important objective in the sector is to finish the complete line of 1,800,000 tons steel/year at C.S. Calarasi, which is expected to go into production in 1994.

—Total expenditures per 1,000 lei P.M. [commodities-output] were strongly influenced on the one hand by the actual production fall, and on the other hand by successive price liberalizations. Gross profits totaled 5.5 billion lei in 1989, 545 million lei in 1990, and 2.8 billion lei in 1991.

#### World Consumption Levels and Trends

After a certain stabilization in the world steel market in the 1987-89 period (approximately 770,000,000 tonnes per year, which involved an approximately 75-80 percent utilization of all capacities and which continued to increase not only in the rest of Europe, but also in Latin America, Asia, and Africa), the major world steel producers in the industrialized countries reacted by intensively restructuring.

Now, toward the end of the century, the bitter competition between steel and other main rivals such as aluminum, synthetic materials, and ceramics for many purposes is tilting in favor of steel, which is once again becoming the material of the future for machine building, road and naval equipment, constructions, etc.

In our country, steel production dropped 32.2 percent in 1990 alone, while similar drops totalled 3.9 percent in Czechoslovakia, 9.9 percent in Poland, and 19.4 percent in Hungary.

As of 1992 demand for metal will probably contribute to a slight increase in production, in which situation the Romanian metallurgical industry should follow an ascending curve. We estimate that the sector may stabilize at a steel production of approximately 12,000,000 tons by 1995.

#### Critical Analysis of Production Structures

In the 1976-80 period the Romanian metallurgical industry was technically endowed at a world level; in the 1980-90 period, when contact with major foreign firms was cut, the metallurgical sector could no longer preserve the same rate

of adoption of new technologies, so that currently the industry is generally at an average world level.

The great majority of the existing technologies and installations can be brought up to the level of the advanced countries within a three-to-five-year period through a series of modernization actions.

Some of the special problems currently confronting the metallurgical industry are:

- High power consumption, especially in the case of badly worn installations and equipment.
- Relatively low diversification of highly processed products.
- The technologies used to limit pollution are outdated and practically useless. Environmental pollution is a very serious problem particularly in the area of nonferrous metals.
- Product quality does not always meet customer requirements, so that there have been cases in which goods were refused on grounds of quality.

#### Industrial Structures Planned for the Period 1992-2000

In terms of quantity, the industrial production is linked to the above-listed conditions and will follow a rising curve as follows:

(In Thousands of Tons)			
	1992	1995	2000
Steel	9,000	12,000	12,000
Aluminum	116	120	170
Copper	53	70	80
Zinc	20	20	35
Lead	26	44	44

- Foreign trade in the sector will be aimed at achieving a positive foreign currency balance. The negative balance in the sector in the first few years of the period is estimated at approximately \$200,000,000 per year and improvements are expected to be achieved through the contribution of domestic metal customers as potential exporters; as of 1995 a completely even foreign currency balance may be possible.
  - Labor productivity will obviously follow a rising trend, which will materialize thanks to the introduction of new technologies and modernization. Regarding personnel, the plan is to maintain the number of employees (i.e., no unemployment envisaged), whereby a constant reduction is natural.
  - Investments will be directly linked to the stages of restructuring.
- In addition to our own financing resources, there are plans to draw in important foreign resources.
- Ecological issues are an inherent part of the program of technological renovation proposed. The funds that will be allocated for that area will make up about 20 percent of all the investment funds for new technologies.

Among the objectives expected to make a special contribution to the modernization of the metallurgical industry, the following are noteworthy:

- Technological lines for covering flat steel goods and tubing in plastic materials.
- Completing the integrated plant for 1,800,000 tons steel/year, on a par with world technology, at the S.C. Siderca Ltd., Calarasi, the first stage of which will be to put into production the railway track plant (350,000 tons).
- Building a production capacity for refractory ceramic fibers (2,000 tons per year).

The overall investment volume required for the modernization process is estimated at about 315 billion lei.

#### Support Actions, Policies, and Measures and Directions of the Transition to New Structures

##### 1. Improving the Economic Mechanism

- Correctly analyze and set prices for the power extractive industry and transportation, in accordance with world prices and quality standards and with the important impact of such prices on production costs.
- Finalize an energy policy and implement (in line with practices in the developed countries) a system of guarantees for ensuring resources, correlated to the practice of differentiated tariffs.
- Consolidate and develop (governmental) barter agreements under which important raw materials (ores, coal, etc.) are paid for by exports of equipment, consumer goods, etc.
- Ensuring a pertinent minimum of protection for domestic producers by: Making it obligatory for any importer to give Romanian producers a chance to compete, and applying a differentiated system of customs duties on both imports and exports.

##### 2. Improving the Organizational and Legislative Framework

- Establishing a clear status for the management of commercial associations (CIS, CA [expansions not given], executive management) apt to protect them against illegal interference.
- Ensure that the state's participation with capital in commercial metallurgical associations for the purpose of restructuring and introducing new technologies in the sector is managed by holding companies on behalf of the FPS [expansion unknown].
- The ARD [Romanian Development Agency], ANP [National Privatization Agency], and others must hammer out a coherent program to train the personnel of commercial associations in the areas of foreign cooperation, drawing foreign capital by establishing joint ventures, etc.
- Secure medium and long-term state involvement in efforts to introduce new technologies and to restructure and modernize the metallurgical industry.
- Establish by law a sound mechanism for ensuring a correlation between pay and labor productivity.

### Analysis of Impact of POLITIKA Affair

92BA1317A Zagreb NOVI DANAS in Serbo-Croatian  
7 Aug 92 pp 36-37

[Article by VREME reporter Milos Vasic: "Letter From Belgrade: Deception Within Deception"]

[Text] *Operation POLITIKA was intended to get rid of the compromised Prime Minister Bozovic and improve the public image of President Milosevic.*

The old rule of Serbian politics—he who is interested in power does not take a summer vacation—has been reconfirmed in practice, a full five years after the famous Eighth Session: Mr. Radoman Bozovic was met in Budva by the news that the president of Serbia, Slobodan Milosevic, refused to sign the law on nationalizing the POLITIKA publishing house, thus humiliating the Bozovic government and the Socialist majority in the Serbian Assembly. The POLITIKA affair—the attempt by the Bozovic government to hurriedly transform Serbia's largest publishing house into state property—has become the symbolic and psychological epicenter of political life in Belgrade. In a country where Mr. Dobrica Cosic is the head of state and Mr. Matija Beckovic is the leader of the opposition, anything is possible, even the POLITIKA house becoming a "barricade for freedom of the press" (Mr. Vuk Draskovic).

#### Underground Currents

A month ago, the POLITIKA affair became the primary visible indicator of the extremely delicate underground currents in Serbian politics. Suddenly, Mr. Zivorad Minovic launched a campaign to remove Mr. Slobodan Jovanovic, the chief editor of POLITIKA EKSPRES, the most formidable warmongering newspaper in the country. It is true that the circulation of EKSPRES had fallen below 60,000 copies a day (it was once more than 300,000), but that had never been a reason for personnel changes in the regime's press. At the same time, the new chief editor of POLITIKA, Mr. Momcilo Pantelic, began to radically change the editorial policy of the oldest, and previously most respected, daily newspaper in the Balkans. This evoked a certain amount of nervousness among ill-informed figures in the ruling party. From the viewpoint of the current situation, the issues were clear: Operation POLITIKA was entirely, as analysts also asserted, a form of deception within deception. Specifically, it was necessary to kill two birds with one stone: get rid of Prime Minister Bozovic, who was already seriously compromised by his 1946-style economic policy and who had incurred the bitter dissatisfaction of farmers who are paying the price of collectivization, of workers whose factories have been hastily nationalized, and of the remainder of the population, who are appalled at the administrative economy; in addition, it was necessary to improve the public image of President Milosevic. The POLITIKA affair was an ideal opportunity for both things, but also for a free demonstration of good will towards the new Cosic-Panic federal leadership.

Here is how the operation was carried out. First, deputies from the Socialist majority in the Assembly received strict orders to vote for the law on nationalizing POLITIKA; then,

one of the most virulent debates ever held in the Assembly took place, during which the opposition tried everything, while the POLITIKA house went on strike, so that its newspapers were not published for the first time since 1903 "during peacetime"; POLITIKA won the support of everyone of any significance in the FR [Federal Republic of] Yugoslavia and became the number-one political problem. Finally, the Serbian Assembly passed the law on nationalizing POLITIKA, and the moment of truth arrived: Who would become famous as the "savior of freedom of the press in Serbia" by neutralizing this law? The Cosic-Panic tandem or Slobodan Milosevic? Panic was out of the country, on one of his trips, but from the beginning he has firmly insisted on very American principles about media freedom, which is one of the four basic points of his initial program. On Thursday, in an interview with a correspondent from YOMIURI SHIMBUN, President Cosic coldly declared that he does not understand "this uproar" about POLITIKA, because it "involves a law that is in conflict with the Constitution of the FR Yugoslavia and in conflict with future federal legislation," so that it would be overturned by the constitutional court (which still does not exist, however).

#### Virtuoso Moves

President Milosevic waited until Saturday afternoon before sending a letter to the Assembly in which he said that he would not sign the law on POLITIKA because, as he said, the president of the Constitutional Court of Serbia had convinced him, with "irrefutable proof," that it is unconstitutional. This news was learned by the Serbian prime minister, Mr. Bozovic, in Budva, at the sea. Given the political temperature, the divisions that have emerged surrounding this move, and the invested authority of the government, the future of Mr. Bozovic is in doubt. A lot of money, drinks, and evenings were wagered on whether or not Mr. Milosevic would sign the law on POLITIKA. He refused to do so, thus forcing Prime Minister Bozovic to face the prospect of resigning, while at the same time taking a second step toward improving his chances for the future (the first step was his tour through southern Serbia and his warming up of the Kosovo question, which sounds somewhat ominous). Mr. Cosic and Mr. Panic pulled through the entire affair safe and sound, affirming their image as democrats. Dr. Zivorad Minovic, the man who practically brought President Milosevic to power, supporting him to the very end through his warmongering and chauvinistic editorial policy and through purges of POLITIKA journalists, became a symbol of freedom of the press in Serbia and was defended by the entire opposition. But Mr. Milosevic became the savior of that symbol of freedom of the press. Nevertheless, the nationalization of POLITIKA has simply been postponed; the law has been returned to the Assembly for redeliberation, and if it passes it again in this form, which can be drawn out for a rather long time, then the president must sign it, although the constitutional court can still overturn it. Thus, they have bought themselves some time....

However, this deception within a deception, despite the virtuoso political tactics, has not improved the actual position of President Milosevic very much, nor, perhaps, that of Dr. Minovic. In the long run, the opposition and freedom of the press in Serbia have gained a significant amount of

ground: They have been given a boost, fear has been dispelled, and besides POLITIKA other independent media threatened by Bozovic's statist approach are now pulling through. The publication PANCEVAC (the oldest weekly in the Balkans, since 1869), Radio Pancevo, Radio Valjevo (all already on strike due to attempts to nationalize them), Radio Smederevo, and Radio B-92 (in danger of losing their frequencies) will not miss an opportunity to cite the precedent.

### Strengthened Opposition

The opposition is finally on the threshold of some sort of consolidation: It sounds paradoxical, but the final rupture of the Democratic Party (which had been expected since its founding) has strengthened the opposition. The main weakness in the Serbian opposition was its program (conceptual) perplexity, which the Democratic Party splendidly maintained. In an effort to compete with Mr. Milosevic in the game of nationalism, the Serbian opposition found itself in an untenable position: It was for war, but against Milosevic, not realizing that this approach is doubly advantageous to him—it supported his program but challenged his person, which gave the Leader an opportunity to assert that there is in fact democracy in Serbia, because everyone attacks him. The slippery and compromising policy of the dominant faction in the Democratic Party (Micunovic-Djindic-Djogo), based on the "start and stop" principle, finally collapsed when Dr. Vojislav Kostunica founded a new party, the Democratic Party of Serbia, taking with him a significant number of supporters (a final count is not yet in). Thus, the division of the Serbian opposition into "submissive" and authentic wings has nearly come to an end with much clearer differences in programs and strategy. Where is the Milosevic regime now in this regard, and what can be expected of it? Its future depends on two factors—the new federal government and President Cosic (a variable factor) on the one hand, and the duration of the UN sanctions (an uncontrolled factor) on the other. These two variables in the politics of the FR Yugoslavia are directly connected. Who Mr. Milan Panic is and what he wants exactly, no one knows for sure yet. He was brought by Mr. Milosevic and appointed by Mr. Cosic; and then Mr. Panic began to promise nearly everything—a peaceful Bosnia, cooperation with neighbors, accelerated privatization of the economy, and freedom of the press—to the horror of the regime, and placing Mr. Cosic in an uncomfortable position. Mr. Milan Panic apparently has no place in this wild and completely prepolitical context, where there are no rules to the game and everything happens according to the "balance of power," without any principles whatsoever. Mr. Panic has on his side the one promise that he will lift the UN sanctions and, apparently, the support of the United States and West in this.

### Soft Landing

And now we come to the key question: the UN sanctions, which are choking the Serbian and Montenegrin economies very effectively. It is clear that one message has been repeated many times: that the sanctions will remain in place until Mr. Milosevic and his old communist nomenclature are out of power, until the war in Bosnia-Herzegovina is

halted, and until Serbia and Montenegro agree to the condition of a peaceful resolution of these wars. The sanctions have dragged Mr. Milosevic out into the open; it is increasingly clear to a growing number of people that Mr. Milosevic no longer has anything to offer anyone—neither the armed forces, nor the police, nor the farmers, nor the economy, nor the banking sector, nor business people, nor the population. The Serbian economy, and agriculture, depends for its life on normal trade with the former Yugoslav republics and with other countries. A continuation of the sanctions means death. This is why thoughts and efforts in circles of political and economic forces in Serbia have been devoted for months now to the question of how to provide a "soft landing" for President Milosevic. At the moment, the most popular solution is to convince Slobodan Milosevic not to run in the next general elections in Serbia and Yugoslavia, which the federal government says will be held by the end of the year. Mr. Dobrica Cosic, the president of the FR Yugoslavia, told a Japanese newspaper on Thursday that he does "not know whether Mr. Milosevic will run" in these elections, although the day before he told Rome's LA REPUBBLICA that Mr. Milosevic will not run. Mr. Milosevic apparently has his own opinion about this, since he has exerted himself so much in taking preliminary steps for the election campaign, such as the activity concerning Kosovo and the POLITIKA affair. According to assessments by the majority of local analysts, he will neatly sacrifice the already compromised Mr. Bozovic, and perhaps the rigid wing of the Socialist Party of Serbia (SPS) as well, led by Mr. Jovic and Mr. Markovic; perhaps he will even lean toward the new "liberal" Social Democratic Party of Serbia founded by dissidents from the SPS—only to remain in power. All this will not help Serbs outside Serbia very much, who right now need food, while Serbia is still under sanctions. The incident that occurred during the last visit to Belgrade by Lord Carrington remains unclear: Reportedly, Mr. Goran Hadzic, the president of Krajina, agreed to a "special status for Krajina within the framework of the Croatian state," which was later denied by Mr. Vejzovic, the minister of foreign affairs of Krajina. It appears that a process is under way of convincing Serbs outside Serbia to lean toward negotiations and try to live without aid from Serbia. The economic situation of Krajina and the Serbian Republic of B-H [Bosnia-Herzegovina] is critical, because all sources of income were destroyed by the war or left behind on the other side of the new borders. This element will play an important role in the political life of Serbia in the future as well: A government that would attempt to amputate Serbian lands in Croatia and B-H in the economic and military sense is inconceivable.

The armed forces of the FR Yugoslavia are using the opportunity to continue the purge of its former leaders: Gen. Aleksandar Vasiljevic, the former head of the Security Directorate of the SSNO [Federal Secretariat for National Defense] has been arrested, while his deputy, Gen. Simeon Tumanov, wisely left the territory of the FRY [Federal Republic of Yugoslavia] and is now in Macedonia. The two of them are accused of a number of financial abuses, but also of terrorism; the military prosecutor charges Vasiljevic with

organizing bomb attacks on synagogues and Jewish cemeteries in Zagreb last fall. The motion for an inquiry connects this charge with the activities of the Opera network, around which a series of very interesting specialized and psychological operations began to unravel at the end of March. The

general intent of the prevailing current in the Armed Forces of Yugoslavia is apparently to break with the previous baggage of the JNA [Yugoslav People's Army] and project the image of a new army. It remains to be seen what its role in all this will be.

**Relations Among Albanian Parties in Macedonia**

92BA1254A Skopje NOVA MAKEDONIJA  
in Macedonian 14 Jul 92 p 4

[Interview with Muhamed Halili, a member of the Initiative Committee of the Republican Party, by A. Damovski; place and date not given: "An Attempt at a Different Approach as Citizens"]

[Text] *The initiative for forming the party on the part of a large group of Albanian intellectuals from the Republic is understood as being an attempt at creating a new policy based first of all on the definitions of civic philosophy. There is no place for ignorant people and improvisors in our party.*

[Damovski] The recently announced program declaration of the Republican Party, as one more party behind which there appear the names of more Albanian intellectuals from Macedonia, definitively as well as officially, will make public a pronounced rift in the highest leadership of the PDP [Party for Democratic Prosperity]. For the present only, two names, that of the Deputy Muhamed Halili, a self-styled consultant to the party, and Miftar Ziberi, one of the founders of the PDP and chairman of the Initiative Committee of the party, have been made public. The Republican Party, which still is in the initiative phase, is based on a larger group of Albanian intellectuals from the whole Republic, which, as Halili says, "feels the need for the appearance of one more political entity that will operate on the basis of modern principles." The current party consultant, and unofficially also a possible candidate for chairman of the highest body of the party, the Republican Council, says that the formation of this party does not mean a rift in the ranks of the PDP, but only an attempt to create a different policy, according to known views and according to the views of science and politics.

[Halili] The appearance of the Republican Party is not to be understood as abolition of other parties—on the contrary. Our party wants to cooperate with all parties in the Republic, and more widely. The fact that one of the founders of the PDP is the chairman of the Initiative Committee does not mean that there is any difference of opinion, only an attempt to find our own more modern ways to solve the problems with complete respect of mutual differences.

[Damovski] Then what is the difference between the membership of the Republican Party and that of the PDP?

[Halili] The differences are really great, beginning with the organizational setting of our party, the organizational skeleton of which is based on that of the existing republican parties in Europe. The Presidency of the Republican Party is an executive-political body that, by statute, is subordinate to the Republican Council as the highest body of the party between two congresses. The Republican Council would have to meet every two months to prepare the platform that the Presidency has to complete. The highest organization is the Republican Club and the regional Republican Councils. Our concept of working understands that science has to be consulted about every vital question concerning the future of the Republic and the citizens. Likewise, we support modern forms of activity and exclude those that are not

based on science and political practice. And what we emphasize particularly is the fact that the Republican Party has no room for ignorant people and improvisors. Any citizen who supports our ideas and who is sincerely for the future of the Republic of Macedonia may be a member of the party. It is a citizens' party without distinction of nationality, faith, or membership in any other group. Already we have heard that we are forming one more single-ethnic party. Whether this will be single-ethnic or multiethnic will depend, first of all, on our membership and on the success of our activity. We are sure that we will succeed in becoming purely a citizens' party. The conditions today already have changed essentially with respect to last year, and it seems to us that the consciousness of civic philosophy is essentially mature.

[Damovski] Does this mean that you are thinking about a very different electorate, voters who have not found their place in the existing political parties?

[Halili] It is more than clear that, among the Albanians in Macedonia, there are many uncommitted intellectuals who would find a place in the Republican Party blindfolded. We are not turning away from the fact that our base necessarily must be the base of the PDP. Our members or sympathizers in the party may be only those who entirely accept the 10 principles of the program declaration.

[Damovski] What are the prescriptions of the Republican Party for overcoming the disrupted relations between nationalities in the Republic?

[Halili] The main motto of our activity will be profitable dialogue, excluding the unprofitable dialogue that up to now has not produced any results in this area. Our methods are pacifistic; we are against the use of force, which, in our opinion, is harmful to all citizens of the Republic. For the time being, we are not able to say anything more specific, first of all because all of this is still in the initiative phase. At any rate, we are finding new ways, new paths to overcome all misunderstandings and make use of the current findings of the parliamentary group of the PDP-NDP [PDP-National Democratic Party]. Of course, we will try to accomplish this by means of dialogue and negotiations with all qualified individuals, in addition to organizing explicit platforms, all with the purpose of maturing the concept that the future of these citizens is to be found only in mutual respect.

[Damovski] What are the reactions of the Republican Party to the decision of the Council of Europe concerning international recognition of the Republic?

[Halili] I would not be able to say anything more specific in the name of the party here. My position is that, in spite of everything, Macedonia will ultimately be recognized. I feel that this is a matter of time, with the only goal being to relieve the tension in Greece. An internationally recognized Macedonia, without war, is a guarantee of the peace in the Balkans and in Europe.

[Damovski] Finally, does your consultative role for the formation of the Republican Party mean an end to your membership in the PDP?

[Halili] No, I am still a deputy of the PDP.



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